ME COURT, U. S.

JUL 28 1970

E. ROBERT SEAVER, CLERK

In the Supreme Court of the United States

OCTOBER TERM, 1970.

No. 462

THE BARR RUBBER PRODUCTS COMPANY,

Petitioner,

v.

THE SUN RUBBER COMPANY,

Respondent.

APPENDIX TO PETITION FOR A WRIT OF CERTIORARI To the United States Court of Appeals For the Second Circuit.

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TABLE OF CONTENTS.

Appendix to Petition for Writ of Certiorari.

Opinion of the United States Court of Appeals for the Second Circuit (April 30, 1970) A1

Judgment of the United States Court of Appeals for the Second Circuit (April 30, 1970) A25

Decision on Attorneys' Fees, *The Barr Rubber Products Co. v. Sun Rubber Company*, 279 F. Supp. 49, pp. 50-52 (January 10, 1968) A26

Decision on Rehearing, *The Barr Rubber Products Co. v. The Sun Rubber Company*, 156 U.S.P.Q. 374, pp. 392-394 (November 21, 1967) A32

Decision After Trial, *The Barr Rubber Products Co. v. The Sun Rubber Company*, 277 F. Supp. 484, pp. 486-507 (October 20, 1967) A37

Memorandum Decision on Motion for Summary Judgment, *The Barr Rubber Products Co. v. Sun Rubber Company*, 253 F. Supp. 12-23 (March 9, 1966) A81

Memorandum Opinion of Feinberg, *D.J.*, Denying Plaintiff's Motion for Summary Judgment and Joinder of Parties Defendant and Granting Motion to Take Further Depositions (August 11, 1965) A104

Memorandum Denying Motion to Quash (November 13, 1961) A107

Excerpts of Opinion, *National Latex Products Co. v. Sun Rubber Company* (CA6, 1959), 274 F. 2d 224 (pp. 228-229, 231-232, 232-233, 234-236, 245-246) A109

Rules of Civil Procedure:

Rule 19. Joinder of persons needed for just adjudication A121

Rule 20. Permissive joinder of parties A123

Rule 21. Misjoinder and non-joinder of parties A124

Rule 52. Findings by the court A124

Patent Laws, Title 35, United States Code:

Sec. 102. Conditions for patentability; novelty and loss of right to patent A125

Sec. 103. Conditions for patentability; non-obvious subject matter A126

Sec. 184. Filing of application in foreign country A127

Sec. 185. Patent barred for filing without license A127

Sec. 285. Attorney fees A128

Anti-Trust Laws, Title 15, United States Code:

Sec. 1. Trusts, etc., in restraint of trade illegal; exception of resale price agreements; penalty A128

Sec. 2. Monopolizing trade a misdemeanor; penalty A128

Sec. 14. Sale, etc., on agreement not to use goods of competitor A129

Addendum:

Parallel and ancillary litigation involving the Molitor patent A129

Exhibits:

Plaintiff's Exhibit 1. Molitor Patent No. 2,629,134, Feb. 24, 1953 A133

Defendants' Exhibit OO. Progress Report of R. P. Molitor, April 12-19, 1948 A137

PREFACE.

This preface is inserted in this appendix to the petition of The Barr Rubber Products Company for Certiorari to the United States Court of Appeals for the Second Circuit to complete compliance with Rule 23(1)(i), effective July 1, 1970. Counsel for Barr did not receive a printed copy of said new Rules until July 17, 1970, at which time the appendix had been printed and was being bound.

The caption of the case in the United States Court of Appeals for the Second Circuit, whose April 30, 1970, opinion and judgment, for which review is sought and which is reproduced at following pages A1 to A25, inclusive, was

THE BARR RUBBER PRODUCTS COMPANY,
Plaintiff-Appellee-Cross Appellant,
v.
THE SUN RUBBER COMPANY,
Defendant-Appellant-Cross Appellee,
and
WONDER PRODUCTS COMPANY,*
Defendant.

DOCKET NOS. 32319, 32320
NOS. 538-539
SEPTEMBER TERM, 1968

McNeil Corporation, hostile to The Barr Rubber Products Company, appeared as *amicus curiae* in the Court of Appeals.

In the United States District Court for the Southern District of New York, whose decisions and an order are reproduced at following pages A26 to A108, inclusive, in reverse chronological order, the caption was

THE BARR RUBBER PRODUCTS COMPANY,

Plaintiff,

v.

THE SUN RUBBER COMPANY, and WONDER PRODUCTS COMPANY,*

Defendants.

CIVIL ACTION No. 60-C-4327.

*As indicated in footnote 2 of the Court of Appeals decision and footnote 1 of the District Court's decision of October 20, 1967 (A4, A37), by stipulation Wonder Products was allowed to stand aside, waiting the outcome of the contest between Barr and Sun, and took no active part in the suit since prior to trial.

The date of entry of each decision and order appears at the head of its following reproduction.

APPENDIX.

OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT.

(Decided April 30, 1970.)

(Reported: __ F.2d __ ; 165 USPQ 429.)

Before:

WATERMAN, FRIENDLY and KAUFMAN, *Circuit Judges*.

Appeal by Sun Rubber Company (Sun) from decisions below, 277 F. Supp. 484 (1967), SDNY, Frankel, J., holding its patent invalid and unenforceable, and 279 F. Supp. 49 (1968), SDNY, Frankel, J., awarding The Barr Rubber Products Company (Barr) its attorneys' fees. Additionally, Sun appeals from the decisions below, dismissing its claims against Barr for damages for the infringement of Sun's patent and unfair competition, and its prayer for injunctive relief against continued infringement and unfair competition. Barr cross-appeals from the district court's alternative holding that if, upon appeal the patent should be held valid, it is an infringer thereof, and from the dismissal of its claims against Sun based upon alleged conspiratorial activities violative of the antitrust laws and alleged unfair competition by Sun in concert with others that damaged it. Also involved in the cross-appeal is an earlier decision in this case denying Barr's motion for a summary judgment to have the Sun patent determined invalid, 253 F. Supp. 12 (SDNY 1966) (Feinberg, J.).

The orders below are affirmed in part and reversed in part, the judgment that the Sun Rubber Company's patent is invalid is reversed, and the cause remanded for further proceedings below not inconsistent with this opinion.

THOMAS F. REDDY, JR., Sidney R. Bresnick, Pennie, Edmonds, Morton, Taylor and Adams, New York City; Everett R. Hamilton, Phillip L. Kenner, Hamilton, Cook, Renner & Kenner, Akron, Ohio, *for The Sun Rubber Company.*

JACOBS, PERSINGER & PARKER, New York City; Ely, Golrick & Flynn, Albert L. Ely, Jr., Cleveland, Ohio, *for The Barr Rubber Products Company.*

PAUL W. WILLIAMS, Allen S. Joslyn, Lawrence C. Browne, Cahill, Gordon, Sonnett, Reindel & Ohl, New York City, *for Amicus Curiae, McNeil Corporation.*

WATERMAN, *Circuit Judge:*

The Sun Rubber Company (Sun) and the Barr Rubber Products Company (Barr) are competing manufacturers of plastic toys. Sun Rubber is the holder of a patent, U.S. Patent No. 2,629,134, issued February 24, 1953, on an application filed June 27, 1950, which describes a process for producing flexible hollow articles, such as balls, dolls and other toys from plastic. The process requires that a mold containing a liquid mixture of vinyl resin and plasticizer (commonly known as a vinyl plastisol) be rotated slowly on several different axes while heat is applied at a single high temperature. The rotation causes the liquid to spread evenly along the inner wall of the mold, and the heat then causes the liquid first to solidify (gell) and then to harden (fuse) around the mold. Thereafter, the mold is cooled and the finished object so produced is removed. Earlier procedures, principally so-called slush casting, first gelled the plastisol at a temperature around 200° and then fused the gell at higher temperatures which, depending upon the desired thickness of the article to be produced, ranged from 300 to 350° F. Concededly there are numerous advantages of a single temper-

ature process over the other methods employed in the industry for molding articles of plastisol: the weight of the product is more accurately controlled; the time of manufacture, formerly consuming a day or more, is reduced to a fraction of an hour; shrinkage of the article produced is significantly less; distortion and tearing are largely eliminated; and scrap is minimized. Consequently, the process set forth in Sun's patent appears now to be the preferred means for producing plastisol products commercially. Since the issuance of the patent Sun has licensed it to about twenty producers in the United States who have paid approximately $1,000,000 in royalties.

As is not infrequently the case, the commercial success of a patent tends to generate litigation. The validity of Sun's patent was first subjected to judicial adjudication more than a decade ago in an action for infringement brought by Sun against National Latex Products Company and Akron Presform Mold Company in the United States District Court for the Northern District of Ohio. After a ten day trial, during which motion pictures were shown concerning the operation of the Sun process and in which considerable expert testimony was brought forth, the district court rejected defenses of patent misuse and of patent invalidity based upon obviousness and anticipation and held Sun's patent valid. *Sun Rubber Co. v. National Latex Products Co.*, 159 F. Supp. 661 (N.D. Ohio 1958). On appeal the Sixth Circuit (2-1) *affirmed*, 274 F.2d 224 (6 Cir. 1959), *cert. denied*, 362 U.S. 989 (1960).

In this present action, commenced by the Barr Rubber Company on November 3, 1960, the validity of Sun's patent is again challenged.[1] Barr's complaint sought a

[1] The validity of Sun's patent was also in issue in *Sun Rubber Co. v. Horsman Doll Co.*, Civil Action No. AC-902 (D.S.C. 1966). The defendant therein consented to the entry of judgment, acknowledging validity.

declaratory judgment of patent invalidity, or, if the patent should be held valid, a declaratory judgment of noninfringement or nonenforceability. Additionally, the complaint sought damages for and injunctive relief from alleged unfair competition by Sun, and from conspiracies in violation of the antitrust laws between Sun and the Wonder Products Company and between Sun and an unnamed machinery manufacturer and an unnamed manufacturer of plastisol components.[2] Sun counterclaimed, alleging infringement of its patent and unfair competition by Barr and, on its part, sought injunctive relief and damages.[3]

With the pretrial proceedings thought to be nearing completion after a space of four and one half years and after the taking of over 6000 pages of pretrial deposition testimony, Barr moved, pursuant to Rule 20, Fed. R. Civ. P., to join the McNeil Corporation and the B. F. Goodrich Company as party defendants, claiming to have finally unmasked the identities of the unnamed machinery manufacturer and the unnamed manufacturer of plastisol components referred to in the complaint. The motion, addressed to District Judge (now Circuit Judge) Feinberg who had been assigned to the case under the Southern District Court Rules as a Rule 2 judge, was denied by him on the ground that the joinder of two additional

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[2] By stipulation of the parties, though named as a defendant, Wonder Products has been permitted to stand aside and await the outcome of the contest between Barr and Sun.

[3] Sun initially filed a counter infringement suit in another court against Barr and Barr's then president. *Sun Rubber Co. v. Barr Rubber Products Co.*, Civil Action No. 8536 (N.D. Ohio), filed November 7, 1960. After numerous stays pending the outcome of the New York litigation, the suit was eventually dismissed without prejudice on May 7, 1964. A subsequent attempt to sue Barr's president personally in a New York federal court failed for lack of venue. *Sun Rubber Company v. Dorn*, No. 62 Civil 1016 (SDNY).

parties at such a late date would unnecessarily delay the trial for years.

Following approximately another year and a half of additional discovery and various motions not particularly relevant to this appeal,[1] this bitterly contested litigation finally came on for trial on December 5, 1966 before Judge Frankel, who had replaced Judge Feinberg upon the latter's appointment, in the interim, to our Court of Appeals. Contrary to the holdings in the earlier Ohio litigation, the court below, purportedly relying upon three separate and distinct grounds, this time after a seven week trial, held Sun's patent invalid and unenforceable. Noting that Sun does not claim any invention with respect to the composition or formulation of properties of plastisols and that rotational casting is a 100 year old process at the very least, the court found Sun's invention is not a unique discovery but merely an obvious combination of old and well-known elements, and therefore does not satisfy the requirements of patentability set forth in 35 U.S.C. § 103.[2] The court disposed of the claim that the invention lay in a continuous application of a single heat source rather than in a two-step process by characterizing it as a "baseless after-thought" and a "recently contrived, trivial, misleading irrelevancy," which was inconsistent with the theory of invention advanced by Sun and accepted by the two

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[1] Technically, Barr is appealing the disposition of several of these interlocutory motions; they are set forth and decided as fully as need be later in the opinion. E.g., see *infra* note 9.

[2] § 103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time invention was made to a person having ordinary skill in the art to which said subject matter pertains. * * *

courts in the Ohio case. After a comparative analysis of the Sun patent with an earlier Italian patent (Delacoste, No. 440,295) issued by the Italian Government on October 9, 1948, the court also concluded that the teachings of the Italian patent anticipated everything the Sun patent allegedly taught, and, accordingly, under 35 U.S.C. § 102(b)[6] the Sun invention was not entitled to patentability.[7] Finally, Sun was denied enforcement of its patent on the ground that the judges of the Sixth Circuit and the Ohio district judge were perjuriously misled in material respects by Sun. Specifically, the court below held that Sun by its witnesses and through its documentary evidence deliberately misrepresented to the Ohio court that the date of invention of its patent was April 1948 when the process was not actually discovered until several months later. Upon a post-trial application the court found, in the light of the last ruling, that this was an "exceptional case" within the meaning of 35 U.S.C. § 285[8] and in a subsequent opinion awarded Barr Rubber $60,179.68 in attorneys' fees. Furthermore, for purpose of full adjudi-

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[6] § 102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless—

* * * * *

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States. * * *

[7] In fact, the court found that the Delacoste teachings were superior with respect to defining the mode and speed of rotation. Delacoste suggested the mold be rotated "around two axes preferably at right angles" at a speed of "10 revolutions per minute." Sun's patent simply instructed the rotation of the mold "in a multiplicity of planes."

[8] 35 U.S.C. § 285 reads:

§ 285 Attorney fees

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

cation, the district court alternatively held that if it should be held upon appeal that Sun Rubber's patent is, contrary to the district court's holding, valid and enforceable, then Barr Rubber is an infringer.[9] Basing its holding upon its finding of "unclean hands" the court dismissed Sun's counterclaims for injunctive relief. Barr's antitrust and unfair competition charges against Sun and its alleged conspirators were dismissed as unproven, as were Sun's quests for damages, for infringement, and for unfair competition.

These decisions are reported at 277 F. Supp. 484 (SDNY 1967) and 279 F. Supp. 49 (SDNY 1968).

Both parties appeal. Sun Rubber challenges the court's determination that its patent is invalid and the court's award of attorney fees to Barr. Barr Rubber contests the dismissal of the antitrust and unfair competition claims, the alternative finding of infringement if the patent should be upheld upon appeal, the method by which the amount of the award of attorney fees was computed, the interlocutory order denying its requested joinder of the McNeil Corporation and the B. F. Goodrich Company as defendants, the denial of a motion for summary judgment that Sun's patent is invalid for violations of 35 U.S.C. §§ 184, 185,[9] and the denial of a motion it had made for

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[9] The opinion denying Barr's motion for summary judgment is reported at 253 F. Supp. 12 (SDNY 1966) (Feinberg, J.).

Section 184 prohibits the filing in any foreign country prior to six months after filing in the United States of an application for a patent in respect of an invention made in this country except when authorized by a license obtained from the Commissioner. Sun was permitted to file such an application after only sixty days had elapsed instead of waiting until the six months period had expired. This was permissible pursuant to Order No. 4025 of the Commissioner of Patents issued Jan. 31, 1946 and officially published on February 26, 1946. See 253 F. Supp. 12, at 13, n. 4. A license may also be granted retroactively if the Com-

(Continued on following page)

the production of documents. In addition, on the day of oral argument in the Court of Appeals, Sun filed motions with us upon which we reserved decision until the writing of the opinion, in which Sun sought to have us take judicial notice of certain public documents and to have us order Barr Rubber to pay one half the cost of printing the parties' joint appendix inasmuch as both sides have appealed. We turn now to an examination of all these various issues.

I.

Although the district court purported to be resting its determination that Sun's patent was invalid on three independent bases, the conclusion is inescapable that the finding of perjury influenced the court's disposition of the other two questions, obviousness and anticipation. The district court opinion explicitly states that plaintiff's showing that falsified evidence had been introduced both in the Sixth Circuit and in the trial of the instant case constituted the most significant impetus for departure from the established rule that a "* * * decision on patent

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missioner finds the early filing of an application abroad was due to inadvertence. 35 U.S.C. § 184.

Sun violated § 184 by filing for a patent in Canada nine days before the expiration of the sixty day period following its United States application, but was granted a license, *ex parte*, "retroactively authorizing the filing of the application in Canada as of August 16, 1950, two days before it actually was filed there." *Id.* at 14.

Barr contended on the motion for summary judgment that under the circumstances issuance of the retroactive license was improper as a matter of law, and therefore that, pursuant to the prohibition contained in 35 U.S.C. § 185, Sun's United States patent was invalid. This attack upon Sun's patent was reiterated at trial and again held to be unfounded. It is not pressed on appeal.

Similarly, the dismissal of Sun's action for unfair competition is raised, but not argued.

validity of another federal court, especially a higher one, is entitled to great weight. * * * See *Georgia-Pacific Corp. v. United States Plywood Corp.*, 258 F.2d 124, 133 (2 Cir.), *cert. denied*, 358 U.S. 884 (1958)." 277 F. Supp. at 498. Upon appeal, therefore, central to a disposition of the multitude of issues, inherent in this case, must necessarily be a ruling upon whether there was an intentional fabrication of evidence as the district court found there to have been. Because we do not find this ruling to be supported by the record, we reverse the judgment below and remand the case for a recommendation in the district court of all the issues pertaining to the patent's validity.

II.

At the outset we are troubled by the lower court's failure to define the quantum of proof required to substantiate a charge of perjury in a civil, non-criminal case of this kind. Generally, a civil plaintiff must prove his affirmative case by no more than a preponderance of the evidence. Ordinarily this is true even where a criminal act is charged as part of a civil case. See, e.g., *Brown v. Tourtelotte*, 24 Colo. 204, 50 Pac. 195 (1897); *Drezner v. Civil Service Commission*, 398 Ill. 219, 75 N.E.2d 303 (1947); *Rost v. F. H. Noble & Co.*, 316 Ill. 357, 147 N.E. 258 (1925); *Prince v. Aetna Casualty & Surety Co.*, 129 So.2d 71 (La. 1961); *Cooper v. Spring Valley Water Co.*, 16 Cal. App. 17, 116 Pac. 298 (1911). See also 9 Wigmore, Evidence § 2498 (3d ed. 1940) and cases cited therein. We assume from the lower court's silence that it applied this normal "preponderance of the evidence" test.

However, there is ample authority of long standing that to substantiate charges of fraud or of undue influence, at least in actions seeking the recovery of monies paid or the rescission or cancellation of contracts, a litigant must

present "clear and convincing proof." *United States v. American Bell Telephone Co.*, 167 U.S. 224, 241 (1897); *Lalone v. United States*, 164 U.S. 255, 257 (1896); *Maxwell Land-Grant Case*, 121 U.S. 325, 381 (1887); *Atlantic Delaine Co. v. James*, 94 U.S. 207, 214 (1876); *McDonnell v. General News Bureau, Inc.*, 93 F.2d 898, 901 (3 Cir. 1937); *New York Life Ins. Co. v. Kwetkauskas*, 63 F.2d 890 (3 Cir.), *cert. denied*, 289 U.S. 762 (1933); *Bowen v. B. F. Goodrich Co.*, 36 F.2d 306, 308 (6 Cir. 1929); *United States v. Hays*, 35 F.2d 948 (10 Cir. 1929); *United States v. Paiz*, 293 Fed. 755 (8 Cir. 1923). And see *Troeder v. Lorsch*, 150 Fed. 710, 714 (1 Cir. 1906), where it is stated: "[w]hen a person is charged with all the elements which constitute a heinous crime, although it be only on a civil issue, it shocks the judicial mind to refuse to give him the benefit of the usual presumption of innocence unless the adverse proofs are so far satisfactory as to be convincing." A civil tax penalty for fraud must also be established by clear and convincing proof. *Rogers v. C.I.R.*, 111 F.2d 987, 989 (6 Cir. 1940); *Bukowski v. United States*, 136 F. Supp. 91 (S.D. Texas 1955); *Owens v. United States*, 98 F. Supp. 621, 627 (W.D. Ark. 1951), *aff'd*, 197 F.2d 450 (8 Cir. 1952). Logic and reason demand that no lower standard of proof be applied in assessing a charge of perjury,[10] and

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[10] The gravity of a finding of outright perjury is aptly revealed by the untoward consequences already experienced by Sun as a result of the determination below. Applications have been made by both National Latex Products Company and the Akron Presform Company to recall the mandate and to reopen the cases in the Court of Appeals for the Sixth Circuit. National Latex has also asserted a claim in the Court of Common Pleas in Ashland, Ohio, *Sun v. National Latex Products Co.*, No. 30109, to recover damages and previously paid royalties. Another licensee has commenced an action in the United States District Court for the Northern District of Illinois, *J. A. Dubow Mfg. Co. v. Sun Corp.*, Civil Action No. 68 C-1788, to recover royalties it

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especially so when a finding that material evidence has been falsified permits the allowance of an adversary's attorney fees not otherwise recoverable. We hold, therefore, that the district court committed procedural error by applying the wrong standard of proof in adjudicating the charge that perjury had been committed.

III.

Furthermore, irrespective of the failure of the court below to apply the proper standard of proof, we hold that the evidence did not suffice to prove the commission of perjury even if the "preponderance of the evidence" standard is applied as the test. Sun has consistently maintained, throughout its lawsuits, that April 1948 is the date of invention. The district court heard no testimony and saw no documents directly asserting the contrary. In holding that the invention date of April 1948 was a deliberate fiction, the court relied upon a multitude of scattered inferences which were unreasonably drawn from flimsy evidence.

The first, and perhaps the most significant, erroneous inference made below concerns the following letter written on November 30, 1956 by Sun's patent counsel to Canadian counsel with reference to the prosecution of a patent application in Canada:

> I am in receipt of an Office Action, dated November 23, 1956, in the above entitled case in which the Patent Office cites Italian Patent No. 440,295, which

(Continued from preceding page)

has paid Sun in the past. And, of course, the possibility that the remaining licensees may institute similar proceedings continues to be a real threat to Sun and to lurk in the background of this perpetual controversy. Further, the potential damaging impact the decision below is likely to have on the business and social reputations of the witnesses is another substantial hardship that Sun and its people have been made to endure.

was granted October 9, 1948, but was not printed until July 1949. We have met this patent in connection with certain litigation on the corresponding U. S. patent in this country and are prepared:

1. To point out the essential difference between the Delacoste patent and the disclosure in the Molitor application, and

2. To contest the effective date of the patent.

In connection with the latter matter, will you please advise me whether under the Canadian Patent Law the date of the grant is taken as the effective date of this patent or the date of the printing. *We can carry the date of the Molitor invention back of the printing date, but cannot carry the date of the invention back of the granting date of the Italian patent.* In this connection, of course, I will have to be advised whether an earlier invention in the United States can be used in Canada to anticipate a situation of this character. (Emphasis in original.) 277 F. Supp. at 500-501.

This document, not before the Sixth Circuit, and received in the present action only in connection with a discovery proceeding relating to another subject, the court characterized as the precipitating factor exposing Sun's fraud and relied upon it heavily in arriving at its ultimate determination. The letter does not set forth any specific date of invention. Nevertheless, according to the trial judge, the letter very definitely constitutes an unexplained acknowledgment by Sun in 1956 "with memories fresher and all documents more readily available," *Id.* at 501, that Sun could not claim a date of invention prior to October 1948 and that the April 1948 date of invention was subsequently conceived when "it became apparent that a still earlier

date of invention might be necessary to defeat claims of prior invention" made in the Ohio lawsuit. *Id.* at 501.

The relevant dates pertinent to an analysis of this issue are as follows:

December 1947	—	Delacoste patent application was filed in Italy.
April 1948	—	Molitor's invention.
August 1948	—	The time, two years before the filing of the Delacoste patent in Canada, which fixes the statutory bar against the filing of the Molitor patent application there.
October 1948	—	Delacoste patent granted in Italy.
July 1949	—	Delacoste patent appears in printed publication in Italy.
June 1950	—	Molitor application filed in United States.
August 1950	—	Molitor application filed in Canada.

Sun's position is that, assuming there are no essential differences between Sun's patent and the Italian Delacoste patent, the November 30, 1956 letter just inquires whether Sun could successfully obtain a Canadian patent despite the grant in October 1948 of a patent to Delacoste in Italy. More specifically, Sun argues that the reference to its inability to "carry the date of [Molitor's] invention back of the [October 1948] granting date of the Italian patent" has nothing whatever to do with the date on which Molitor actually devised the process of rotational casting. Rather, Sun contends, the sentence refers to Rule 131 (a) of the

United States Patent Office.[11] Rule 131(a) states that a prior foreign patent does not require rejection of an application for a United States patent on the same invention if the applicant can establish that he completed his invention before the granting or printing of the foreign patent. However, the Rule further provides that this opportunity to establish priority of invention is open only to those applicants who file their United States applications within one year after the granting or printing of the foreign patent. Therefore, since Sun did not file its United States application until June 1950, more than a year after the grant of the Italian patent in October 1948, it could not "carry Molitor's invention back" beyond that date even though Molitor had perfected his process as early as April 1948. Read in the light of this background, Sun urges that the letter constitutes no more than an attempt to learn whether under Canadian law (1) there is a provision such as Rule 131(a) of the United States Patent Office and if so, whether the printing date or the day of the grant of the patent is the effective date in Canada of a foreign patent; and/or (2) whether there is a parallel, but somewhat different provision than Rule 131(a) and, if so, whether the date an application for a foreign patent upon an invention is filed or the date of invention itself is the critical date for purposes of measuring the Canadian carrying-back period.[12]

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[11] Rule 131(a) provides in pertinent part:

131. *Affidavit of prior invention to overcome cited patent or publication.* (a) When any claim of an application is rejected on reference to * * * a foreign patent or to a printed publication, and the applicant shall make oath to facts showing a completion of the invention in this country before * * * the date of the foreign patent, or before the date of the printed publication, then the patent or publication cited shall not bar the grant of a patent to the applicant, unless the date of such patent or printed publication be more than one year prior to the date on which the application was filed in this country.

[12] See note 11 *supra*.

Though the letter might have been more artfully phrased to say what Sun says it was intended to say, we find that, on balance, the inference drawn by the district court from this letter is unconvincing. The only motive for the alleged perjury suggested by the district court is an unexpected twist in the Ohio litigation arising subsequent to the date of the November 30, 1956 letter. The inference drawn therefrom is severely undercut by an affidavit of Robert P. Molitor, the Sun chemist credited with the discovery of the invention patented, dated January 1955, nearly two years before the letter to the Canadian attorneys was written, in which he gives April 1948 as the approximate date he first successfully made hollow objects through rotational casting. Moreover, two of the three documents Sun urges us to judicially notice succinctly demolish the theory that Sun adjusted the date of invention backward sometime after the November 1956 letter was written, at a time when such adjustment appeared necessary to defeat a claim of prior invention.[1] These papers make clear that Sun was aware of the claim several weeks before the November 30, 1956 letter was written, and, therefore, tend to show that if there were an attempt to defraud the courts such an attempt would have been already under way and would have been reflected in the language

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[1] The only claim of prior invention ever even remotely brought to the surface in the Ohio case is the claim of the Molded Latex Products Company. The court below did not specify the claim of prior invention which allegedly led to Sun's scheme of falsification, but all indications strongly suggest that the court must have been referring to the Molded Latex claim. In this connection, Sun asks that we judicially notice a certified copy of "Statement of Prior Invention and Use of The Molded Latex Products Company," filed *in camera* with the Northern District of Ohio on October 19, 1956, and a certified copy of a stipulation, dated November 6, 1956, allowing the clerk of the court to open the *in camera* evidence and to furnish each side a copy. The "Statement of Prior Invention and Use" gives the conception date of invention as May 7, 1947.

of the letter.[11] Thus we reject the meaning the court below attached to the letter of November 30, 1956 and we find the letter entirely consistent wtih Sun's continual insistence that the discovery date of its patent is April 1948. Further, we observe that in at least one particular the letter supports rather than destroys Sun's position. In all likelihood, when Sun's counsel wrote "In this connection, of course, I will have to be advised whether an earlier date of invention in the United States can be used in Canada to anticipate a situation of this character," he did so with the April 1948 date in mind.

Aside from the aforementioned letter of November 30, 1956, we believe that the court improperly made additional inferences from other evidentiary matters to support its finding of perjury. It found that the defense falsified and knowingly contradicted a series of progress reports in order to sustain the attempted fabrication of the date of invention. In a report dated April 20, 1948 Molitor reported that satisfactory toys were produced by curing 40 to 50 minutes under infrared lamps. Molitor had testified that he could not recall using infrared lights for anything other than rotational casting. The report, therefore, was introduced in evidence, not to prove the date of invention, but merely as a device by which to aid Molitor's recollec-

[11] Barr contends, in addition to claiming that these documents should not now be judicially noticed because they were always available to Sun and should have been introduced earlier, that they are irrelevant inasmuch as they do not disclose when the sealed evidence actually was opened and made available to Sun and, that, inasmuch as the "Statement" was that of an attorney, and therefore inadmissible at the time, Sun had no reason to become alarmed. Neither contention is persuasive. Though the motion to take judicial notice could have been submitted when the notice of appeal was filed, we are now compelled to grant the motion in view of the gravity of the issue to which the documents relate and in furtherance of the obvious interests of justice.

tion of the date of invention, and to support his testimony. The court concluded, however, on the basis of the failure of the reports of April 1948 specifically to mention "rotational casting," on the basis of a reference in the report of April 20 to a "vented" mold for making a toy lamb, admittedly not suitable for rotational casting, and upon several other references to matters not identically consistent with the process of rotational casting, that these reports, found persuasive by the Sixth Circuit, did not relate to rotational casting at all. Sun agrees that the April 1948 progress reports do not contain a description or disclosure of its patent and that the term "rotational" is nowhere expressly employed until a report of February 1, 1949, but it argues that the reports do, in part, relate to rotational casting, and that Molitor's testimony was truthful. Upon its petition for reconsideration below strong proof thereof was submitted by Sun in the form of the corroborating testimony at the Cleveland trial of the factory manager at Sun in 1948, Chester A. Lile, who had left the employ of Sun in 1951, and the corroborating affidavits of Ernest Melmick and William Lantz, former employees of Sun, who, like Lile, were also familiar with Molitor's work. On this evidence we are convinced that there is substance to Sun's position, and that the inference that these progress reports were changed or in any manner deceptively employed is ill-founded. These witnesses were disinterested neutral persons at the time of their testimony, and had no motive to participate in the organized plan of fabrication the district court found.

Among other "important items" recorded by the court as evidencing the alleged perjury are at least two factors markedly inappropriate to include as a basis for so serious a determination. First, the failure to file a patent application for more than two years after the claimed date

of invention is hardly a significant enough irregularity to justify an inference that an intentional backward adjustment of the date of invention had occurred. The delay could have been occasioned by any one of a number of things. Moreover, even under the district court's hypothesis that the actual date of discovery was no earlier than October 1948[15] or February 1, 1949,[16] the time interval between the date of invention and the date of patent application still exceeds one year. That a year's delay is a justifiable one, as the district court opinion necessarily implies, but a delay of two years is not justifiable, seems to us to be unclear as a distinction.

Second, in holding false the uncontradicted corroborated testimony of Sun's president, Thomas W. Smith, Jr., concerning a midnight phone call from Molitor urging him to go to the plant to see a successful sample of a rotationally cast toy lamb, the court noted that Smith had also falsified testimony earlier in this action in an affidavit he had filed in support of a motion to quash the service of summons for lack of *in personam* jurisdiction. The affidavit contains a collection of assertions, which, in substance, deny that Sun did business in New York and that the Lawrence R. Schmidt Company, upon whom service of process was made, was in any way under Sun's dominion.[17]

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[15] The district court reading of the November 30, 1956 letter, *supra*, finds October 1948 the earliest possible invention date.

[16] It is in the February 1, 1949 progress report that Molitor fully discusses for the first time in writing his method of producing hollow objects through rotational casting.

[17] This affidavit reads as follows:

Thomas W. Smith, Jr., being duly sworn, deposes and says:

I am the president of The Sun Rubber Company, a corporation of Ohio and not licensed to do business in the State of New York, having its office and only place of business at 366 Fairview, Barberton, Ohio.

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The motion was granted, but reversed and remanded on appeal for consideration of additional evidence. On remand, the district court, MacMahon, J., denied the motion, simply finding that by reason of the solicitation of orders

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I am advised that on Monday, Novemb[illegible] 14, 1960, an attempt was made to obtain service of a summo[illegible]nd complaint in the subject civil action on a Mr. Lawrence R. [illegible]midt, the president of Lawrence R. Schmidt and Company doing business at Room 306, 200 Fifth Avenue, New York, N. Y.

Lawrence R. Schmidt and Company is a manufacturers' representative selling products manufactured by The Sun Rubber Company. The compensation of Lawrence R. Schmidt and Company for selling products manufactured by The Sun Rubber Company is determined on a straight commission basis. The activities of the Lawrence R. Schmidt and Company in the field selling products manufactured by The Sun Rubber Company are not controlled, directed or managed by The Sun Rubber Company. Neither The Sun Rubber Company, nor I personally, to my knowledge any officer or director of The Sun Rubber Company, owns any of the stock of Lawrence R. Schmidt and Company. The Sun Rubber Company does not pay the rent nor contribute in any way to the expenses and overhead incurred by the business operations of Lawrence R. Schmidt and Company.

None of the employees of Lawrence R. Schmidt and Company are on the payroll of nor do they receive any salary, remuneration or gratuity from The Sun Rubber Company.

Any and all orders for products manufactured by The Sun Rubber Company and taken, received or solicited by Lawrence R. Schmidt and Company are transmitted in a standard form, as evidenced by two exemplary order documents attached hereto and identified as Exhibits B-1 and B-2, to The Sun Rubber Company at its office in Barberton, Ohio. The Sun Rubber Company accepts the order, does all the billing, and ships the ordered products or merchandise directly to the purchaser.

Referring specifically to Exhibits B-1 and B-2, there will be noted on the face thereof a rectangular stamped block referring to "Salesman," "Rate of Comm.," "Prices & Disc.," "Per," and "Credit OK." This stamp is routinely applied to orders received from the Lawrence R. Schmidt and Company at the office of The Sun Rubber Company in Barberton, Ohio. The additional stamp on these orders reading "This Order Typed & Checked" is also applied at the office of The Sun Rubber Company.

Other than as stated and as evidenced above, Lawrence R. Schmidt and Company performs no other functions on behalf of The Sun Rubber Company.

Thomas W. Smith, Jr.

by Schmidt for Sun, a solicitation admitted by Smith in his affidavit, "The Sun Rubber Company is doing business in this district and is, therefore, amenable to process here." [15] Judge Frankel, however, erroneously concluded:

> The statement is now conceded to have been false. But it required an appeal from an order of dismissal to arrive at that concession.

The affidavit was quite clearly no more than a typical affidavit in support of a claim of no jurisdiction. Its falsity was never admitted and no court has ever found anything stated in it to be factually erroneous, but only that the conclusion of law the affiant drew from the facts was an unsound conclusion.

The finding of perjury was also based upon other inferences which it suffices to say in light of the substantial errors already discussed are not sufficiently supported by the record. In summary, although we are definitely mindful that the trial judge is better able than we to evaluate the credibility of witnesses, we hold the district court's finding of perjury was clearly erroneous. Therefore, the judgment below is reversed and remanded for a district court reconsideration of all the issues pertaining to patentability. And, accordingly, the judgment awarding Barr Rubber its attorney fees is reversed.

IV.

Moreover, we question the propriety of the trial court's extensive reliance upon the record of the earlier Ohio litigation without even hinting to the parties that the record would play such a large, if not a determinative, role in the present case. Cf. *Ohio Bell Tel. Co. v. Pub. Util. Comm'n*, 301 U.S. 292 (1937). In so doing, the trial judge

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[15] No. 60 Civ. 4327 (SDNY November 15, 1961).

exceeded the bounds of judicial notice,[19] and thereby denied Sun an effective opportunity to object, examine and rebut the matters noticed. This was especially critical here for if it is arguable that Sun was put on notice that an issue of perjury existed in the case the notice it received lacked the specificity one charged with such serious criminal behavior ought to have been accorded. Only a single passage in the pretrial order[20] and another in Barr's pretrial brief[21] refer in any way to any issue of perjury. The

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[19] See *United States v. Doyle*, 348 F.2d 715, 719 (2 Cir. 1965), cert. denied, 382 U.S. 843; *Funk v. C.I.R.*, 163 F.2d 796, 800-801 & n. 5 (3 Cir. 1947).

The taking of judicial notice never precludes the litigants from contesting the propriety thereof.

[20] The passage referred to reads:

> 3. Whether the defendant Sun directly or indirectly has abused the patent in suit by using or attempting to use said patent to obtain a monopoly beyond the scope of its claims, in
>
> * * * * *
>
> (i) suppressing or attempting to suppress evidence of the invalidity of said Molitor patent and its unenforceability. Pre-Trial Order, September 27, 1966, Paragraph II, 3 (i)

[21] "The most damaging violation of the anti-trust laws, abuse of patent rights and unfair competition by Sun has been its consistent policy of perpetuating the essential fraud that Molitor invented the subject matter of the Molitor patent claims and in attempting to conceal other evidence of invalidity and unenforceability of the Molitor patent. This has ranged from (a) use of untrue statements under oath which were either deliberately perjured or made in reckless disregard of the truth [e.g., Smith's denial of the side agreement with Goodrich regarding Sun's obligation to purchase future Goodrich resins], to (b) conniving with licensees, concurrently with an agreement to enforce patent rights against the licensee's competitors, to conceal evidence of invalidity of the subject matter of the Molitor claims [e.g., the express covenant in the Sun-Viceroy license, wherein Viceroy agreed not to assert that the subject matter of the Molitor claims was appropriated by Sun from Viceroy or derived by Sun from Viceroy], to black-mailing witnesses or prospective witnesses if they provided Barr with testimony or information adverse to Sun [e.g., Stefanski's obviously perjured testimony regarding the

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latter points away from the locus of the alleged perjury rather than toward it, and the former is much too general. And, while it is arguable that a trial judge may take notice of perjury on his own motion,[22] the parties should be made aware that the issue exists and be afforded an opportunity to litigate it. For example, if there had been adequate notice to Sun that the success of its litigation could conceivably turn on the issue of its perjury, crucial aspects of the Ohio proceedings such as the testimony of Chester Lile and the documents proving Sun's knowledge of a prior invention claim before November 30, 1956, evidentiary items apparently overlooked by the court below—would have undoubtedly been brought to the court's attention by Sun.

V.

The motion to join the B. F. Goodrich Company and the McNeil Corporation was made pursuant to Rule 20, Fed. R. Civ. P. 20.[23] Rule 20, unlike its counterpart,

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Stefanski (Kassal) prior use and the threat of suit against Edward Mobley]. Active fraud in procuring and or maintaining a patent is a *per se* violation of the anti-trust laws. *Walker Process Equipment Co. v. Food Machinery & Chemical Co.* (1965), 382 U.S. 172." *Plaintiff's Trial Brief*, Record, p. 12525.

[22] Compare *Hardinge Co., Inc. v. Jones & Laughlin Steel Corp.*, 164 F. Supp. 75, 77 (W.D. Pa. 1958), aff'd, 275 F. 2d 37 (3 Cir.), cert. denied, 363 U.S. 828 (1960) with *Stiegle v. J. M. Moore Import-Export Co.*, 312 F.2d 588, 594 & n. 4 (2 Cir. 1963); *General Industries Co. v. Birmingham Sound Reproducers, Ltd.*, 194 F. Supp. 693 (EDNY 1961).

[23] While the parties are somewhat at odds as to whether the motion was made pursuant to Rule 19 or Rule 20, it is quite clear to us that it was a Rule 20 application. The original motion was specifically phrased as "a motion to amend the complain pursuant to Rule 15 * * * and to join, pursuant to Rule 21. * * *" Rule 21 merely provides that misjoinder is not grounds for dismissal, but that parties may be added "on such terms as are

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Rule 19, prescribes permissive, not necessary, joinder and specifically vests in the district court the discretionary power to make such orders as may be required to prevent delay or prejudice. Notwithstanding the fact that the delay in going to trial was probably as much the fault of Sun as that of Barr, the denial of Barr's motion to join two additional parties after four and one half years and six thousand pages of deposition testimony was not an abuse of discretion. To rule otherwise would have opened up a "Pandora's box" of discovery, further protracting an already unduly distended case.

The contention that the quantum of evidence adduced on the antitrust claims was restricted by the refusal of joinder, and, concomitantly, the refusal of additional discovery, is not persuasive. Ample opportunity to pursue these assertions was afforded and the gist of their intended substance was adequately before the court. The interlocutory refusal of joinder is therefore affirmed.

VI.

Similarly, it is argued that the refusal to order the production of a letter of Goodrich's house counsel, Meyer, to the New York law firm of White & Case, allegedly germane to the claimed Sun-Goodrich conspiracy and relating to a claimed Sun-Goodrich license arrangement is reversible error in that it materially impaired Barr's opportunity to show the existence of the unlawful conspiracy claimed. We disagree. The denial of Barr's motion

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just." Necessarily, it relates back to Rules 19 and 20. Barr's reply memorandum in support of its motion and the opinion of Judge Feinberg denying the motion both conclusively show the motion was made under Rule 20 and not under Rule 19. In any event, even if it were a Rule 19 motion, the denial thereof is not reversible error.

was without prejudice to efforts to obtain the document by way of a subpoena *duces tecum* during its pretrial examination of Meyer. Accordingly, a subpoena *duces tecum* was served, but objected to on the ground that the letter was part of the attorney's work product. Thereafter Barr elected not to pursue the matter further. Additionally, the court, fully aware of the facts underlying Barr's challenge to the contract between Goodrich and Sun, held that, assuming all of Barr's allegations to be true, the arrangement was not unlawful as a matter of law. The order denying production of documents, therefore, is affirmed.

VII.

Barr Rubber asserted and endeavored to prove a variety of antitrust and unfair competition charges. The district court held they were all "baseless in fact or in law or both." We agree.

The judgment below with respect to the antitrust and unfair competition issues is affirmed.

VIII.

Sun moves we judicially notice three documents. Two of the three were part of the record in the Ohio case, and, as we already noted, *supra* at note 14, the motion is granted in the interest of justice despite the unnecessary delay in bringing the papers to our attention.

With regard to the third document, it is a copy of a patent issued to the Barr Rubber Company which Sun alleges is strikingly similar to the language employed by Sun in its earlier patent. Since we have remanded all the questions pertaining to patentability, we deny the motion to judicially notice this document, doing so without prejudice, however, to its renewal on remand. See *Feather-*

combs, Inc. v. Solo Products Corp., 306 F.2d 251, 253 n. 1 (2 Cir. 1962) (Kaufman, J.), (United States patents may be judicially noted).

Sun's motion for one half the cost of printing the joint appendix, submitted by it at the time of oral argument, is denied as premature under FRAP 27, without prejudice to the submission of the full and complete bill for costs that will be filed after a final decision.

The judgment below is reversed and remanded in part, and affirmed in part.

Upon remand the proceedings below are to be conducted consistent with the approach taken herein relative to the issue of perjurious conduct on the part of Sun, its officers and employees.

JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT.

On the 30th day of April, 1970, present Hon. Sterry R. Waterman, Hon. Henry J. Friendly, Hon. Irving R. Kaufman, circuit judges.

[Caption]

Appeal from the United States District Court for the Southern District of New York. This cause came on to be heard on the transcript of record of the United States District Court for the Southern District of New York, and was argued by counsel.

ON CONSIDERATION WHEREOF it is now hereby ordered, adjudged and decreed that the orders of said District Court be and they hereby are affirmed in part and reversed in part and that the judgment of said Court be and hereby is reversed in part and affirmed in part, and that the action be and hereby is remanded to the District Court for further proceedings not inconsistent with the opinion of this Court.

DECISION ON ATTORNEYS' FEES, THE BARR RUBBER PRODUCTS CO. v. SUN RUBBER COMPANY, 279 F. Supp. 49, pp. 50-52.

(January 10, 1968)

FRANKEL, District Judge.

Dealing with the question left open in the court's findings and conclusions of October 20, 1967, as amended on November 21, 1967, 277 F. Supp. 484, plaintiff has applied for an award of attorneys' fees in a substantial amount. Defendant opposes the application, urging that the circumstances and outcome of the several issues are such that each party should be left to bear its own counsel fees. The issue centers, of course, upon 35 U.S.C. § 285, which provides:

> "The court in exceptional cases may award reasonable attorney fees to the prevailing party."

Both sides have recognized that the main feature of this case marking it as "exceptional" in a seemingly pertinent sense is the court's finding that the trial record was "blighted by perjury in significant respects." That grave determination has been the subject of extensive written and oral submissions on defendant's application for reconsideration, which was denied, except in minute respects, in an opinion and order of November 21, 1967.[1] It seems

[1] In its written presentations on the subject of counsel fees, defendant offers the opinion that the subject on which the court found perjury was really immaterial, and that plaintiff's claim should be heavily discounted or erased on this score. The suggestion is without substance, as the court has sought to make clear both in its original opinion and in comments during argument on the motion for reconsideration. Moreover, even if the point were plausible, its supposed propriety at this stage would be highly doubtful. The issue on which the court found false defense testimony was considered at length on the trial, in depositions, and in the post-trial briefs. It is late and unhelpful to

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clear to the court that the findings on this subject—and, most importantly, the extensive labors required of plaintiff's counsel to attain them—warrant and require a substantial award to plaintiff under the statute.

On the other side, defendant recalls correctly that plaintiff pressed, in extensive pretrial as well as trial efforts, a number of contentions which proved, in the court's view, to be wholly or largely baseless. It is strongly arguable that such factors should have no weight in defendant's favor because the test of 35 U.S.C. § 285 centers upon "unfairness" and "bad faith" as criteria in determining whether and how much to award as attorneys' fees. See, e. g., *Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp.*, 267 F. Supp. 726, 787 (S.D. Cal. 1966); *Plymouth Rubber Co. v. Minnesota Mining & Mfg. Co.*, 203 F. Supp. 595, 601 (D. Mass. 1962), modified on other grounds and aff'd, 321 F.2d 151 (1st Cir. 1963); *Park-In Theaters v. Perkins*, 190 F.2d 137, 142 (9th Cir. 1951); *AMP Inc. v. Burndy Corp.*, 332 F.2d 236, 239 (3rd Cir.), cert. denied, 379 U.S. 844, 85 S. Ct. 84, 13 L. Ed. 2d 49 (1964). Nevertheless, while plaintiff's good faith is not questioned, the subject lies in discretion, and the burdens entailed by lengthy contentions (both by evidence and

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intimate that the whole topic should be treated now as an inconsequential aside.

In a further attempt to minimize the perjury findings, defendant mentions that on reargument the court "recognized * * * it was possible it was mistaken." The court has, indeed, in this case as in others, contemplated explicitly the possibility that it might be wrong. But such acknowledgments of fallibility ought not to be viewed even as debater's points. Whether or not expressions of humility are suitable for judges during exchanges on oral argument, the point of significance is that the court made its finding on the regrettable subject of perjury only after sober study and thought sufficient to result in a clear and confident (if not mathematically certain) judgment that the evidence required it.

argument) found to be essentially unsubstantial ought ultimately to be a factor in the reckoning.

Defendant also argues that its earlier prosecution of the patent to a victory in the Sixth Circuit should diminish or eliminate plaintiff's claim for attorneys' fees. This would normally be a cogent argument. In the circumstances of this case, however, for reasons the court has reviewed earlier (see 277 F. Supp. at 498-503), it is deemed to have no weight for present purposes.

Coming, then, to the delicate subject of hours and dollars, plaintiff shows a total of 4,634.5 hours spent on this protracted case by its lead counsel. It shows $12,051.88 paid for services and disbursements by associate counsel. It lists, in addition, 749 hours by such associates not included in the foregoing figure. And it records a total of $30,267.92 in disbursements by lead counsel over the long and painful career of the litigation.[2]

Defendant raises no questions about plaintiff's figures, but rests mainly upon the proposition that plaintiff should receive nothing for a variety of reasons touched upon earlier in this memorandum.

In addition, defendant offers some figures to support its offsetting theories, and these supply guidance helpful for the court's ultimate determination. Defendant states in this connection that some 45 days were spent on depositions concerning some of the subjects on which plaintiff did not prevail. For services of counsel relating to those

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[2] The total of $30,267.92 appears from plaintiff's compilation to include an item of $435.60 expended in 1966-67 by associate counsel rather than lead counsel. If this inference is correct, it would require subtraction of the latter amount from lead counsel's disbursements and the addition of the same amount to the total for services and disbursements by associate counsel. It seems apparent, however, that this revision would make no difference in the computation and end result recorded in this memorandum.

efforts, defendant reports from its attorneys' time records an estimated cost exceeding $20,000. Additional expenses for the same activities—disbursements, excerpting, research, etc.—are stated to bring the total cost above $50,000.

Plaintiff observes, correctly, that not all of the energies devoted to subjects on which defendant succeeded should be included in the "discount" defendant seeks. For example, discovery aimed initially at such subjects proved useful in the end for issues on which plaintiff prevailed, including the vital questions on which defendant's witnesses were found to have testified falsely.

Considering all the issues on which defendant succeeded, extrapolating from the figures defendant has supplied—and acknowledging that this is not a subject susceptible of weighing on jeweler's scales—the court assigns a total sum of $100,000 to this category of defendant's expenses. It seems clear, however, that nothing like all of this should be deducted from the award for plaintiff. To begin with, the problem is not one to be resolved by adding "issues" as fungible counters on one side or the other. All the issues pale in this context against the central one of bad faith on which plaintiff's entitlement is primarily rested. Furthermore, not all the points lost by plaintiff were frivolous or weightless. And, finally, as already noted, not all the expenses even on weightless issues were "wasted" or unnecessary in the final analysis.

After reckoning at length with such diverse and only vaguely quantifiable factors, the court will allow as a "credit" to defendant against plaintiff's gross award the sum of $50,000.

Additional deductions are required before arriving at a suitable figure. Plaintiff begins its computation from a time antedating the lawsuit. While the position is argu-

able in the circumstances of this case, it is rejected. Accordingly, for this reason, 372 hours (based upon a calculation from plaintiff's affidavit) are deducted from the total reported for lead counsel. Similarly, this leads to deduction of $1,542 from plaintiff's total claim for disbursements.

An additional deduction of forty percent will be made from the gross award to plaintiff. This reduction is intended in part to reflect the court's judgment that over the course of this seven-year litigation plaintiff has expended some appreciable amount of duplicative effort and non-essential labor. The judgment relates to issues on which plaintiff prevailed as well as those mentioned earlier, which have been won by defendant and were held by the court to have been quite clearly unsubstantial. The forty percent reduction will be applied against the totals remaining after the preceding deduction—namely, to the figures of 4,262.5 hours of lead counsel time, $28,725.92 in disbursements, 749 hours for associate counsel, and $12,051.88 for services and disbursements by associates. Deducting forty percent from these figures leaves, respectively, 2,557.5 hours for lead counsel, $17,235.55 for disbursements, 449.4 hours for associate counsel, and $7,231.13 for services and disbursements by associates.

Employing a scale which is not meant to determine "worth" as measured in the market for legal services, but which represents a compendious "feel" of what the court deems just for all the peculiar circumstances of this particular case, the court will assign a value of $30 per hour for the time of lead counsel and $20 per hour for his associates. Accordingly, the remaining net of 2,557.5 hours for lead counsel is translated into $76,725. Similarly, for 449.4 hours of associates' time, the figure is $8,988. To these must be added the figures for (1) disbursements

and services and disbursements by associates—namely $17,235.55 and $7,231.13. The resulting total is $110,-179.68.

From this last total, as heretofore stated, the further sum of $50,000 will be deducted. This leaves $60,-179.68, and this final figure will be awarded to plaintiff under the court's decree pursuant to 35 U.S.C. § 285.

The final sum, especially when it reaches the last sixty eight cents, has a superficial appearance of precision and minute calculation. The appearance is not intended to be accepted. The result represents the court's best efforts (starting from specific and undisputed figures supplied by plaintiff) to express and to measure, with only the approximate accuracy the subject will allow, a determination which must after all state in money terms a host of imponderables drawn from professional experience, judgment, and the quest for fairness in appraising the unique qualities of the unique case.

Upon the basis of this memorandum and the court's findings and conclusions of October 20, 1967, as modified November 21, 1967, counsel will settle a decree as follows: Plaintiff will serve and submit, on or before January 18, 1968, its proposed decree. On or before January 25, 1968, defendant may serve and submit its counter-proposal, noting and justifying the respects, if any, in which it differs from plaintiff's.

DECISION ON REHEARING, THE BARR PRODUCTS CO. v. THE SUN RUBBER COMPANY, 156 U.S.P.Q. 374, pp. 392-394.

(Nov. 21, 1967)

FRANKEL, District Judge.

Both parties have sought reconsideration and modification in various respects of the court's findings and conclusions dated October 20, 1967. The motions have been studied with care. Defendant's motion was considered in extended (and transcribed) oral argument on November 15, 1967. In light of the full discussion on that occasion (at which time plaintiff's motion was denied from the bench), the following observations are deemed sufficient for the purpose of stating and explaining the court's conclusions upon defendant's several contentions.

1. Heading "I" in defendant's Application for Reconsideration, extending over some four pages, centers upon the court's use (in footnote 10) of the word "quaint" in describing an aspect of Molitor's testimony. One dictionary meaning of "quaint," defendant reports, is "crafty" or "artful" or "wily." The court's dictionary (Webster's Second, 1961) confirms this, but states that these meanings are obsolete. The word was not meant in any of the ancient senses defendant has unearthed.

What the court thought, and still thinks, quaint—i.e., "strange" or "peculiar"—was the contrast between (1) Molitor's announcement (now reiterated by defendant) that a uniform wall was not sought for the Mickey Mouse toy because extra weight in the feet gave stability and (2) the fact that the Mickey Mouse—with uniform wall and no extra thickness in the feet—was the single illustration of the claimed nature of the uniform-walled product given in the patent drawings.

2. Defendant attacks the second sentence of the last paragraph, first column, on page 382 of the court's opinion, which reads as follows:

> "'It is not to be supposed that defendant would concede non-infringement if the rotating mold passed through two heating chambers—one at gelling temperature, a second at the higher fusion temperature—during the continuous molding process."

The written Application for Reconsideration says (p. 7):

> "This supposition by the Court is, based upon the recollection of counsel at the writing of this application, contrary to a concession counsel believed it made at the trial, namely, defendant did concede that wherever there were two heating steps, one employing a gelling temperature and then a separate step, the Court's second heating chamber, employing a higher fusion temperature, there would be no infringement whether the molds continued to rotate or not. In any event, it has always been defendant's position that this would constitute non-infringement."

Upon oral argument, counsel was asked for a place somewhere in the large record where this "concession * * * at the trial"—recalled neither by opposing counsel nor by the court—could be found. It turned out that no such reference was available to show what is now said to have been defendant's position "always." Instead, defense counsel cited the many references to a single heating step *in the post-trial brief*, which were, of course, the starting point for the court's above-quoted comment on this subject (see, e.g., opinion of October 20, p. 381), and for which there was no apparent need for reliance "upon the recollection of counsel * * *."

Passing these details, the whote matter seems even more trivial upon this revisit than it did on October 20.

1967. Accepting the belated "concession," we find a patent for "rotational casting" which turns out to be infringed only if the rotational casting is conducted throughout at a single temperature rather than on hanger conveyors traversing two ovens in a way entirely familiar and manageable for those even modestly skilled in the art. The concession (a) serves to highlight the absence of invention by Molitor, and (b) comes many years late in view of the tribute exacted during the time when no such straitened view was made evident by defendant or the text of its patent.

3. Defendant argues at some length that this court did not hear the evidence in Ohio or review the record there, so that there is no way to find (although the issue was squarely posed and extensively tried here) that the testimony concerning the "progress reports" was false in the earlier trial as well as this one. The point may be of secondary importance since it is sufficient and decisive to find, as the court has, that there was false testimony here. Nevertheless, because the subject is obviously a serious one, it seems appropriate to note what appears to be some misconceptions and errors in defendant's submissions.

a. The problem centers, of course, upon the "progress reports," the substantial weight given to them by the Sixth Circuit, and the convincing demonstration in this court that the meaning of these documents was falsified by Sun's witnesses. Upon the record made here (much more extensive than the one in Ohio) it is perfectly clear that the Sixth Circuit had to be deliberately misled to conclude that these reports referred to "rotational casting" as early as April 1948. Knowing this conclusion was being urged upon this court, and preparing the case since 1960, defendant produced evidence which served ultimately to buttress

plaintiff's position. It is too late now to insist that the Sixth Circuit record had to be in evidence here or (as defendant also suggests) that further evidence should be taken on the question.

b. Evidently to suggest that direct familiarity with the Ohio testimony would be indispensable for knowing whether false inferences were urged from the progress reports, defendant's Application (p. 8) describes the Sixth Circuit's decision as being "based upon a review of the trial court's decision to a large extent * * *." This sounds as though it ought to be correct until the two decisions are compared. It is then obvious that the decision of the Court of Appeals (274 F.2d 224, 123 USPQ 279) was factually a great deal fuller and more detailed than that of the District Court (159 F. Supp. 661, 116 USPQ 295). Indeed, the progress reports and the alleged April 1948 conception were not mentioned at all by the District Court, but were noted and taken at their supposed face value in the appellate opinion.

c. Part of the seeming face value concerned some handwritten marginal notes on Molitor's report of April 20, 1948. In this court's opinion of October 20, 1967 (pp. 387-388), the anachronistic character of these notes is one (though by no means the most important one) of the factors revealing how the Sixth Circuit was misled. But the Application for Reconsideration seizes upon this factor, notes the court's finding that "[t]he marginal notes were made long after the report," and then says (p. 19):

> "We have examined this record and there is absolutely no evidence as to when the marginal notes were made. This Court can if it has a 'hunch,' a 'feel' or a 'suspicion' that the marginal notes were not made at the time of the writing of the document, in the absence of any testimony establishing when the notes

> were made, disregard the notes. But, to predicate upon such a record that it forms a basis for a charge of fraud or perjury is not only fundamental error, but plainly unfair and unjust."

There is no need to dwell at length upon the inadequacy of defense counsel's examination of the record before the foregoing passage was written. It is enough to recall the clear acknowledgment by defendant's president on cross-examination that there was no "Martin unit" in existence until long after April 1948 (Tr. 4875-76), to observe then the marginal handwritten reference is to a "Martin unit," and perhaps to add that this reference in the same hand as one which made another notation at the top of the page which President Smith described as "probably * * * made for the trial in Cleveland" (Tr. 4874).

d. The Application for Reconsideration quibbles some about whether defendant's position (and the view to which it persuaded the Sixth Circuit) has had to do with "conception" or "invention" by Molitor in April 1948. It seems sufficient to recall defendant's post-trial brief announcing (p. 4) that the "date of invention is asserted by defendant to be April 10, 1948."

4. For reasons that have been canvassed orally at sufficient length, the defendant's Application for Reconsideration will be granted to the extent of changing the court's opinion in the following respects:

a. The sentence beginning 29 lines from the top of page 381 (with the words "It is certainly * * *") will be deleted.

b. In the first two lines of the paragraph beginning ten lines from the top of the second column of page 381, the following words will be deleted: "and the odd circumstances of his testimony * * *."

c. In the thirty-second line, column two, on page 388, the words "was laid off and" will be deleted. In the following line the words "on the payroll and" will be deleted.

d. The respective dates for post-trial submissions and replies (page 392) are changed from November 6 and 13 to December 6 and 13, 1967.

Except for the foregoing modifications, defendant's Application is denied. Plaintiff's Application for Amendment is in all respects denied. It is so ordered.

DECISION AFTER TRIAL, THE BARR RUBBER PRODUCTS CO. v. THE SUN RUBBER COMPANY, 277 F. SUPP. 484, pp. 486-507.

(October 20, 1967)

FRANKEL, District Judge.

In this action, begun on November 3, 1960, plaintiff, Barr Rubber Products Company, sues The Sun Rubber Company for:

> (1) a declaration of invalidity and noninfringement with respect to United States Patent No. 2,629,134 relating to a method of casting plastic articles, and (2) damages and injunctive relief against alleged violations of the anti-trust laws and allegedly unfair competitive practices.[1]

Defendant has counterclaimed for a judgment of validity and infringement of the patent.

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[1] Wonder Products Company was also named as a defendant and charged as a conspirator with Sun in conduct said to constitute unlawful restraints and unfair competitive practices. By stipulation of the parties, Wonder Products has been permitted to stand aside awaiting the outcome of the contest between Barr and Sun. It will be sufficient, therefore, to refer to Sun as the single defendant.

I. THE PATENT CLAIMS

In brief, non-technical language, the patent in suit covers a method for the casting of fully enclosed hollow plastic objects "from a liquid mixture of a vinyl resin and a plasticizer therefor" which solidifies and hardens through the application of heat during the procedure which the patentee, Robert P. Molitor (assignor to his one-time employer, Sun), claims to have invented. The steps of the process are: the deposit of the liquid material in one section of a two-piece mold (the amount being measured to produce the desired wall thickness of the finished hollow object); the closure of the mold; rotation of the mold, causing the liquid to spread in a wall around the inside; the simultaneous application of heat to bring the plastic through the stages of "gelation" (in which the matter is a gelatinous or coagulated "cheesy mass") and then "fusion" (the point at which the material becomes hard, its ultimate degree of elasticity depending upon the varying proportions of solid matter and liquid "plasticizer" employed); the cooling of the mold below the "fusion" temperature; and the opening of the mold and removal of the finished object.

In the more artistic language of the patent, Claim 1 (of the four claims) depicts the invention as follows:

> "The process of making hollow articles from a liquid mixture of a vinyl resin and a plasticizer therefor, comprising the steps of depositing a measured charge of the said mixture in a hollow sectional mold, said charge being less in volume than the volume of the mold, said mold having non-porous inner surfaces, closing the mold with the charge therein to retain the charge within the cavity, rotating the mold in a multiplicity of planes to distribute the charge as a layer over the entire inner surface of the mold cavity, heating the layer to gel it against the inner surface of the

> mold while the mold is rotating, then applying additional heat to the closed mold to raise the temperature thereof sufficiently to fuse the gelled layer against the inner surface of the mold, cooling the mold until the temperature of the layer is below the fusing point of the material, opening the mold and removing the article therefrom."

It will be noted that the material described in the patent claims is referred to as "a liquid mixture of a vinyl resin and a plasticizer therefor." According to defendant and much of the testimony, the quoted words should be read to mean, more briefly, a "plastisol," which is a small-particled polyvinyl chloride resin dispersed in a liquid plasticizer (or softening agent) containing no volatile solvents or diluents. While neither the patent claims nor the specifications anywhere use the word "plastisol," and while the patent's words ("liquid mixture of a vinyl resin and a plasticizer therefor") literally include things which are not plastisols, defendant has argued persuasively that the references, in their context, should be deemed to focus on variously formulated plastisols. The subject is one, however, which will engage us again when we come to

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The quoted claim is typical; the others add nothing of consequence for present purposes. Merely to note the variations: Claims 2 and 3 describe the "liquid mixture" as "deaerated." Claims 3 and 4 describe the gelled layer as being of "uniform thickness." Claim 2 speaks of "further heating" to fuse after gelling, and Claim 4 describes the same step as the "applying" of "further heat," while the third claim, like the first, speaks of "applying additional heat."

The essential similarity of the four claims for consideration of the disputed issues is acknowledged by defendant.

Close kin to a "plastisol"—or, according to some of the testimony, a more general category—is an "organosol," which differs in that its liquid phase does contain volatile elements which are freed in the course of gelation and fusion. The presence of such volatiles—and, specifically, the freeing of them when the material is solidified—renders an organosol normally unsuitable for casting in a closed mold.

defendant's contention that an Italian patent claimed by plaintiff to anticipate Molitor's must be cast aside for the reason (among others) that it purports to cover an excessively broad range of materials, including many which would be unworkable.

The foregoing sketch, to be amplified as the discussion proceeds, is a sufficient background against which to consider the patent issues and explain the court's conclusions that (A) the patent is invalid and (B) assuming, for the sake of full adjudication at this level, that the patent were deemed valid, it would be held to have been infringed.

A. Invalidity of the Patent

1. *Obviousness*

Molitor's alleged invention was an obvious combination of old and well-known elements, failing the test of 35 U.S.C. § 103.[1] Despite the length of the trial and the volume of the record, the facts bearing upon this point are largely undisputed.

The technique dubbed "rotational casting" in this case is at least 100 years old. There is specific and persuasive evidence that Molitor, if he was ahead at all, barely preceded several others in applying to the infant subject of plastisols a procedure that would have been obvious "to a person having ordinary skill in the art * * *." Postponing that for a bit, the history of rotational casting of other materials goes far (probably sufficiently far) in itself to refute Molitor's claim that he invented something.

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[1] "A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains."

In 1855, one Peters was granted a British patent (No. 1308) for the rotational casting of "ordnance shells and other hollow vessels." Unlike (and superior to) Molitor, Peters showed equipment and a specific mode of rotation around two axes (as against Molitor's vague reference to "a multiplicity of planes") suitable for casting "metal or other substances which can be made sufficiently fluid by heat to be acted upon in the manner * * * described, and which will set or become rigid on cooling down." (P. Ex. 38, p. 4.)

Postponing plaintiff's many other references to early methods and means of rotational casting, one other may be mentioned at this point. In 1920, U. S. Patent No. 1,341,670 issued to Ransom Judd Powell for a machine and means "for shaping or forming plaster, metals and other plastic materials or substances." The invention was described as "particularly directed to the production of hollow objects * * * [consisting] broadly in achieving such result by the simultaneous turning of a matrix or mold on two different axes." The patented device was described as "adapted to be used in conjunction with molds for casting hollow objects which are substantially completely closed, and the selected embodiment of the invention * * * shown is directed to the casting or molding of relatively light-weight articles, such as statuary, artistic novelties, small figures, toys, etc." The invention described introduction of the liquid material into the mold, rotation (avoiding centrifugal force), and the hardening of the material against the mold wall during such rotation.

Purporting to dispose of such references, and speaking directly to the Powell patent, defendant's expert observed, correctly, that metals harden by *cooling* and plaster "by crystallization" (aside from Powell's reference to

"other plastic materials or substances" and the absence of any reference in Powell to such obvious factors as cooling where appropriate) whereas Molitor dealt with materials which harden upon heating. (As is noted below, all are agreed that the flowing and hardening characteristics of plastisols were commonly known in the art before Molitor, and that he "invented" nothing in this respect.) But even if the Peters and Powell inventions stood alone —as they do not by any means—this asserted distinction seems trivial to the point of being regrettable.[*] Granting the customary (and frequently well-founded) humility lay judges are supposed to exhibit when confronted with the mysteries of natural science, machinery, and the like, it is difficult to accept that a patent should issue because somebody applies an ancient casting technique to well-known properties of some new material.

Furthermore, among the many items undisputedly in the prior-art was the known process of rotationally cast-

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[*] Defendant puts heavy reliance upon its expert, urging that the force, learning, and "credibility" of his testimony should weigh heavily against plaintiff's efforts to defeat the patent in suit. Unfortunately for defendant, while its expert did not appear to depart from literal "truth" about concrete matters of fact, his ostensibly learned "opinions" were not impressive. He found himself in general incapable of learning anything useful from patents and other references invoked against Molitor. On the other hand, where Molitor's patent is obscure or silent, he was able to fill the gaps or dispel the clouds by easy reference to "common sense" or general knowledge. The example at this point in the text is by no means the most vivid, as subsequent discussion will show. It is notable, nevertheless, that a highly trained natural scientist should have found it a mark of "invention" to perceive that a technique usable for flowable materials which harden when heat is withdrawn could be transposed to liquids which harden when heat is added.

While plaintiff's expert was on the whole more helpful, he exhibited similar qualities of partisanship. Supporting the view that Delacoste anticipated Molitor, he professed a frequent inability to find meaning in the latter while the former struck him as pellucid in all vital respects.

ing latex, which does require heating rather than cooling to harden it."

However, before turning from the Peters and Powell patents, another of defendant's arguments may be noted. Defendant says Peters taught the use of centrifugal force for spreading the material on the inner mold wall whereas plastisols do not spread efficiently when subjected to such force. Instead, it is argued—and the record tends to support this—that to spread a plastisol in rotational casting, the substance should rest in a pool at the bottom of the mold and then adhere as the mold walls pass the pool in turning. There are decisive answers to the point (which is, incidentally, stressed by defendant with respect to other references plaintiff invokes, and is similarly refuted by what follows here). In the first place, Powell taught the avoidance of centrifugal force for plastic and similar materials. Secondly, the evidence establishes, as even laymen might know, that this argumentation about centrifugal force concerns a matter of degree rather than an absolute choice. All rotation produces some centrifugal force. The present point about rotational casting is that the rotation should be relatively slow, minimizing the operation of such force.

" The fact that latex had been rotationally cast before Molitor is, like so much else, undisputed. In the court's view, there is no need to tarry, therefore, over one reference plaintiff offered and defendant opposed for lack of proper notice. The simplest course in the circumstances is readily justified, and the court follows it. Plaintiff's Exhibit 381, the Kay Patent, is excluded.

The evidence showed that rotational casting is a more elaborate and delicate process for latex than it is for plastisols because (1) water must be removed from the latex in casting and (2) full curing must be accomplished as a later, separate step. The utility of this point to defendant is at best debatable. It would seem to show that the ancient casting technique was more readily and simply adaptable to plastisols than to an earlier plastic that solidifies with heat.

Further, and more strikingly, if defendant were correct on this subject, it would be acknowledging a most vital defect in Molitor's patent. There is not a word in Molitor about the speed of rotation or the necessity to avoid or minimize centrifugal force. He speaks merely, and vaguely, of "rotating the mold in a multiplicity of planes * * *." In significant contrast, the Italian Delacoste Patent, No. 440,295 of October 9, 1948 (which is claimed by plaintiff, and hereinafter found by this Court, to anticipate Molitor) carefully specifies that the mold must oscillate "gently;" gives a specific speed of "uniform or cadenced" rotation in "the order of 10 revolutions per minute;" and prescribes the clear, and usually proper, procedure of rotation "around two axes preferably at right angles," a subject (among other pertinent ones) on which Molitor is also silent.

To move on now from Peters and Powell, the undisputed facts show an array of patents and other references over the years for the rotational casting of various materials capable of moving from liquid to solid form. Among the substances for which this casting technique was well known, in addition to various metals and plastics, were chocolate, wax, and, as mentioned above, latex.

If no more had been shown than the old age and wide application of rotational casting as a technique, plus the known and predictable qualities of plastisols, this might well have been enough to defeat Molitor's patent. Cf. *Jungersen v. Ostby & Barton Co.*, 335 U.S. 560, 69 S. Ct. 269, 93 L. Ed. 235 (1949); *Ruben Condenser Co. v. Aerovox Corporation*, 77 F.2d 266 (2d. Cir.), cert. denied, 296 U.S. 623, 56 S. Ct. 145, 80 L. Ed. 443 (1935); *Pierce v. Muehleisen*, 226 F.2d 200 (9th Cir. 1955); *Monaplastics, Inc. v. Caldor, Inc.*, 378 F.2d 20 (2d Cir. 1967). The defendant, confusing the question of novelty with the

separate and additional test of obviousness, see *Graham v. John Deere Co.*, 383 U.S. 1, 24, 86 S. Ct. 684, 15 L.Ed.2d 545 (1966); *United States v. Adams*, 383 U.S. 39, 48, 86 S.Ct. 708, 15 L. Ed. 2d 572 (1966), argues insistently that Molitor must be deemed to have invented something because "it did not occur" to anyone before him to apply the ancient procedure to plastisols. Apart from the fact that the argument is misconceived, it is erroneous in fact. It occurred to several people, as reflected in both published and unpublished accounts, to adapt the old technique to the obviously workable new material. Before recounting those instances, however, some pertinent facts about plastisols should be recorded.

As has been mentioned, Molitor claims no invention with respect to the composition, formulation, or properties of plastisols.[7] This form of plastic material first came into use on any substantial scale in Europe, primarily Germany, during World War II. In the late years of that war, work and experimentation with plastisols was carried on in England, Italy, and, somewhat later, the United States. It was around 1946 and 1947 before plastisols achieved any substantial attention, even among companies which were to become important manufacturers of the component materials, in this country. Through the years until 1950, it remained in relatively short supply and was a high-cost

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[7] During the early stages of his sojourn through the Patent Office—from June 27, 1950, to February 24, 1953, during which period his original claims were all stricken and entirely rewritten—Molitor asserted he "was the first to apply the deaerating step to vinyl chlorides used in the molding of hollow articles." This assertion survives vestigially in Molitor's specifications, when he says (col. 3, lines 24-26): "The final mixing of the casting batch under vacuum is an important and essential step in the process." It is now conceded, however, under the compulsion of overwhelming evidence, that the "essential" step of deaeration was common knowledge well before Molitor among those working with plastisols.

material as compared with rubber, which was largely interchangeable for many uses. These factors of supply and price served to retard in some degree experimentation with new fabrication techniques and investment in new equipment for the manufacture of plastisol articles. And rotational casting equipment was relatively expensive in comparison with the apparatus needed for other casting techniques.

Notwithstanding such temporary inhibitions, the basic properties and utility of plastisols were well known, as defendant concedes, before Molitor's claimed invention. It was commonly known that heat in the range of 180-200 F. causes a plastisol to "gel"—to form the "cheesy mass" mentioned earlier. It was similarly familiar that at varying temperatures in the range (usually) of 300-350 , the plastisol would "fuse," the fusion temperature depending upon the particular formulation and being lower than the foregoing range for some variants. It was likewise known that a molded article had to be cooled below fusion temperature before removal from the mold to insure fixation and retention of its tensile strength.

Before the 1950's various molding techniques other than rotational casting had been adapted from their uses for other materials and were widely employed for manufacturing things from plastisols. Among these, one which has been much discussed in this case is "slush casting," a process at least as old as the work of the ancient Greeks in bronze. As transposed for use with plastisols, this process (in its most familiar variation) consists in (1) filling an open mold with plastisol, (2) heating to "gel" temperature so that a gelled layer forms around the inner surface of the mold, (3) pouring off the ungelled contents, (4) subjecting the mold to further heat sufficient to achieve fusion of the gelled layer, and, finally, (5) cooling so that the finished article may be removed from the mold.

A variation on the slush casting procedure made possible the manufacture of completely enclosed hollow objects. In this variation, each portion of a two-section mold would be brought to the gel stage following step "(3)" in the preceding paragraph; the two sections would then be clamped together to join the gelled walls before the whole mold was subjected to further heat for fusion, cooling, and removal of the finished article.

In still another version, perfected and known to others before Molitor, a mold with an aperture would be brought to an early, but still somewhat flowable, gel stage, most of the excess poured off, and the mold then inverted with its opening rested on a plate, allowing the gelled wall to flow and extend before fusion across the final enclosure formed by the plate. This procedure, like the clamping of the mold sections described above, was used to create completely enclosed hollow objects.

The three preceding paragraphs sketch very briefly some versions of a plastisol molding technique known and used in the art before 1948. Given that state of affairs and the wide familiarity with rotational casting as a generally usable process, it was at most a matter of brief time before people of ordinary skill came to combine these patently marriageable elements for making things from plastisols. Indeed, the alleged inventor, Molitor, in rare instances of insight and entire candor on the witness stand, twice described his achievement as "getting the jump" on the industry. This was no case of a need long felt and long unsatisfied despite vain quests—leaving aside that this would be a "secondary consideration" in any event. *Graham v. John Deere Co., supra*, 383 U.S. at 17-18, 86 S. Ct. 684; *Greening Nursery Co. v. J and R Tool and Mfg. Co.*, 376 F.2d 738, 742 (8th Cir. 1967). It was at best a successful sprint to a complaisant Patent Office, resulting in monopolization of a development that was

visible and certain to be recognized in short order by anyone interested and reasonably skilled in the art. See *Ruben Condenser Co. v. Aerovox Corp.*, *supra*, 77 F.2d at 268; *Himmel Bros. Co. v. Serrick Corporation*, 122 F.2d 740, 746 (7th Cir. 1941); *Pierce v. American Communications Company*, 169 F. Supp. 351, 355 (D. Mass. 1958), aff'd, 280 F.2d 278 (1st Cir.), cert. denied, 364 U.S. 902, 81 S. Ct. 235, 5 L. Ed. 2d 195 (1960). To deny patentability in such a case is merely to recognize that Congress is not empowered, and has never reflected a disposition, to "authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available." *Graham v. John Deere Co.*, *supra*, 383 U.S. at 6, 86 S. Ct. at 688, 15 L. Ed. 2d 545.

This conclusion is not subject to the constant worry that lay judges will substitute uncritical hindsight for a legitimate judgment of what would have been "obvious", from the vantage point of the pertinent time and place. For, contrary to defendant's assertions, others than Molitor arrived at his "invention" before him or around the same time, and wholly independently of his efforts.

a. American Anode, Incorporated, engaged in formulating and selling plastisols (among other materials) rather than manufacturing goods from them, experimented over the years with various molding techniques and other modes of use to increase the sales of its products. Personnel of this Company developed, publicized, made no secret of (and made no attempt to patent) the process of Molitor's patent over a year before the filing of Molitor's application on June 27, 1950. The oral deposition testimony supporting this finding is somewhat vague and unsatisfying when considered by itself. But the testimony does not stand alone. It is powerfully corroborated by

unquestioned documentary evidence, an American Anode bulletin of July 1949 clearly and succinctly describing the technique Molitor purports to have invented.[7] Though less wordy than Molitor, this bulletin tersely taught everything Molitor claimed. Describing one among several molding procedures (including the technique of slush molding sketched above), it outlined the steps for rotational casting as follows (P. Ex. 33, p. 3):

> "1. Pour a premeasured amount of Ameran Resin Paste [plastisol] into the mold.
>
> "2. Rotate the mold to distribute the paste uniformly over all contact areas of the mold cavity. Provisions should be made for a heating chamber or oven in which the mold may be rotated, preferably at temperatures of 350° F. Exposure for 20-40 minutes during rotation will completely fuse the plastisol.
>
> "3. Allow mold to cool (if desired, the mold may be cooled rapidly in cold water). Remove product from mold."

Defendant makes no serious attempt to question that this covered fully what Molitor undertook to patent.[8] The document leaves no doubt that it reflects work preceding its publication date, as the oral testimony affirmed. Its brief,

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[7] It makes no difference for the question of obviousness treated here that the bulletin failed by a narrow margin to precede Molitor's application by more than a year, and thus presented no bar under 35 U.S.C. § 102(b). It should be observed in this connection, however, that plaintiff has urged the assignment to Molitor of some filing date later than June 27, 1950, the contention being that the initial application was not "effective" because of certain omissions and later amendments. There is no need, all things considered, to dwell upon this argument by plaintiff beyond recording that the court has rejected it.

[8] Defendant's expert made some quibbling efforts (Tr. 4131 et seq.) to show teachings in Molitor assertedly absent from (or inferior in) the American Anode bulletin. The net of his suggestions is to reenforce plaintiff's thesis that the bulletin amply covered the same thing in every pertinent respect.

casual, informal disclosure for all the world is strong evidence that the process should be held to have been obvious for those skilled in the art.

b. Properly invoked by plaintiff on a variety of grounds, the Italian Delacoste patent, No. 440,295, applied for on December 11, 1947, and granted October 9, 1948, adds further support to the argument of obviousness. Since this patent is more fully considered below in holding that it anticipates Molitor, it is sufficient merely to note its pertinence here as well. Cf. *Felburn v. New York Central Railroad Company*, 350 F.2d 416, 424-425 (6th Cir. 1965), cert. denied, 383 U.S. 935, 86 S. Ct. 1063, 15 L. Ed. 2d 852 (1966); *Helene Curtis Industries v. Sales Affiliates*, 233 F.2d 148, 154-155 (2d Cir.), cert. denied, 352 U.S. 879, 77 S. Ct. 101, 1 L. Ed. 2d 80 (1956); *Himmel Bros. Co. v. Serrick Corporation*, *supra*, 122 F.2d at 745.

c. The evidence shows, and the court finds, that several other companies and people perceived the availability of rotational casting as a procedure for manufacturing plastisols before Molitor did or at about the same time, all independently of his efforts, which were kept secret until at least 1950. It was known to a Canadian company, Reliable Toy, at least as early as 1948. It was likewise known to a New York company, Ideal Toy, at about the same time. It was being employed experimentally in plaintiff's laboratory in 1949 although the necessary equipment to make it effective there for commercial production was not installed until several years after that.

While these efforts may have matured later than Molitor's, this fact is scarcely decisive on the question of obviousness. What the court finds compelling is the inference that Molitor's was in no sense a unique perception—that others all around him were arriving at, or verging upon, the simple combination of familiar things he undertook to patent.

It is pertinent, too, that the experimental character of work other than Molitor's is at most an equivocal item in his favor. The evidence demonstrates that what he taught (and failed to teach) would have left a need for considerable experimentation by anyone seeking to use his teachings. He purported to emphasize, for example, the benefit of uniform wall thickness. But the evidence shows that he was himself unable to achieve this desideratum with any but the simplest of molds.[10] He spoke vaguely of rotating in a "multiplicity of planes," but his own testimony shows that experiments would be necessary with particular molds to achieve the kinds of rotation that might approach desirable distribution. And so, for example, when a consultant for Reliable Toy in Canada said in 1948 that rotational casting was "difficult" though feasible, he announced little, if anything, less than Molitor later purported to teach.[11]

d. An interesting chapter in the evidence on obviousness is the deposition testimony of Frank Stefanski, described by defendant as one who "consistently and repeatedly told a straightforward story of his experimental and developmental work in the rotational casting of vinyl plastisol." Plaintiff contends in this frequently bitter lawsuit that defendant "got to" Stefanski and caused him to lie. However that may be, the court finds it sufficient to accept what Stefanski said, because it represents, as it stands, additional support for plaintiff's assertion of obviousness.

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[10] A "Mickey Mouse" was a central character in the trial and is pictured on Molitor's patent with the much extolled and discussed "uniform wall." Samples of this figure made in defendant's plant by Molitor's process were also in evidence. They had distinctly non-uniform walls. Molitor's quaint explanation was that a uniform wall was not really wanted for the actual toy.

[11] Pressed repeatedly to specify what Molitor taught that was new, defendant's expert came finally to say that Molitor's achievement lay in his proclaiming that rotational casting of plastisols was "possible."

At least as early as 1947 or 1948, using primitive equipment in the basement of his home, Stefanski proceeded to do what Molitor later patented, but with one assertedly fatal imperfection: the sections of his molds did not fit together perfectly so that, as defendant describes his plight, "he got leakage from the mold before the material gelled." (Trial Brief of Defendant, p. 199.) Confronting that disaster, this "straightforward" witness said, he despaired and gave up rotational casting. Thirty or so pages after the last-cited reference, meeting an attack by plaintiff upon the adequacy of Molitor's teachings, defendant writes (id., p. 231): "It doesn't take much perception to observe that the liquid material would leak out if it were not a completely closed mold."

It is enough to say of Stefanski that his rudimentary efforts as early as 1947 help to buttress plaintiff's demonstration that Molitor's patent is invalid because "the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art * * *." 35 U.S.C. § 103.

Defendant's extensive efforts to show novelty and nonobviousness in Molitor's patent serve in the end to help vindicate plaintiff's contrary view. Characteristically, both in its brief and in its expert testimony, defendant tends to recite the whole of Molitor's claims to support its position on this subject. Responding, however, to the pressure to focus somewhere, defendant comes finally to the assertion that Molitor was new, original, and nonobvious because he hit upon and taught "a continuous casting process utilizing only a single temperature"—the high fusing temperature to carry the material all the way from liquid through gelation to fusion.[12] Before Molitor, the argument runs, people had gelled the plastisol at a lower temperature, around

[12] Trial Brief of Defendant, p. 15.

200° F., then fused it, in a second step, at the higher temperature. Defendant's expert said he would have been surprised to the point of incredulity to hear that the job could be done in Molitor's continuous way in a single heating step at the high temperature. And so this emerges in the end as an assertedly critical point, iterated over and over again in defendant's post-trial briefs.

But the argument is a clearly baseless afterthought for a variety of reasons.

To begin with, the text of the patent itself is inconsistent with this newly-contrived theory. In each of the four claims, gelling and fusion are described as separate heating steps. Claim 1 teaches that the mold should be rotated,

> "heating the layer to gel it against the inner surface of the mold while the mold is rotating, *then applying additional heat to the closed mold* to raise the temperature thereof sufficiently to fuse the gelled layer * * *." (Emphasis added.)

Similarly, Claim 2 describes gelling, and then prescribes "further heating * * * to fuse the gelled layer * * *." The two remaining claims are to the same effect. The file wrapper history shows that these references to "further" and "additional" heating were specifically and deliberately added to the final revisions toward the end of the application's tortuous journey through the Patent Office.

If the singular product of Molitor's genius was the single heat at fusion temperature for the whole process, this was a remarkably unsuitable way to teach it.

Further demonstrating the recency of defendant's insight on this subject is its inconsistency with what defendant taught the Sixth Circuit almost ten years ago in the submissions leading to the favorable decision for the patent in that Court. *National Latex Products Co. v. Sun Rubber Company*, 274 F.2d 224 (1959), cert. denied, 362 U.S. 989.

80 S. Ct. 1078, 4 L. Ed. 2d 1022 (1960), a decision of major interest discussed at length hereafter. In its successful brief on that appeal, defendant enumerated the several steps of Molitor, and included (p. 5):

> "4. heating the layer to gel it against the inner surface of the mold while the mold is rotating,
>
> "5. then applying additional heat to the closed mold to raise the temperature thereof sufficiently to fuse the gelled layer against the inner surface of the mold * * *."

The opinion of the Sixth Circuit Court of Appeals reflects that description.

Of course, the obvious advantage of rotational casting —as against slush casting, for example—is that the process can be continuous from the time the mold is closed until the finished object is removed. But this, for reasons already reviewed, was not a novel or nonobvious discovery. The focus here is on the particular point defendant has chosen now to stress—the single high temperature throughout. What has been said thus far is that this has only become in this lawsuit a supposed matter of particular consequence. It was never isolated or emphasized—but actually contradicted—in the terms of the patent and its previous defense. Cf. *Graham v. John Deere Co., supra*, 383 U.S. at 25, 86 S. Ct. 684, 15 L. Ed. 2d 545.

Furthermore, the point is trivial. It is not to be supposed that defendant would concede noninfringement if the rotating mold passed through two heating chambers—one at gelling temperature, a second at the higher fusion temperature—during the continuous molding process.[13] Indeed, the testimony made clear the common practice in

[13] Compare the converse argument of plaintiff, considered and dismissed later on, that there is no infringement because plaintiff uses a single heating step while Molitor must be read to teach two.

this art, as in others, of using hanger conveyors for moving molds along through the stages of the casting process.

Finally, if Molitor had claimed some invention in this respect, the claim would lack substance. The evidence shows that it was known in the art that a mold could be exposed to the high fusion temperature to achieve the earlier (gelation) stage as well as the later condition of fusion. It is sufficient here to refer to the American Anode bulletin of July 1949, quoted earlier, which described the procedure of rotational casting and plainly contemplated (unlike Molitor) handling of the whole business in a single heating chamber at a single high temperature—namely, "preferably at temperatures of 350 F."

The subject of temperature is the closest defendant comes to suggesting anything nonobvious about Molitor. The suggestion must be rejected.

To conclude on the issue of obviousness, it may merit reemphasis that this barrier in § 103 commonly blocks patentability in cases where nobody has arrived independently at the result claimed by the alleged invention—and even in the face of evidence, absent here, of a need long recognized but unsatisfied. The evidence that has been canvassed of work by others serves more clearly to demonstrate the obviousness plaintiff asserts.

2. Anticipation by Delacoste Italian Patent No. 440,295

We focus more closely here upon an item noted under the preceding heading. The court holds that in light of the Italian Delacoste patent of October 9, 1948, Molitor's patent is invalid on the separate and independent ground that

> "the invention was patented or described in a printed publication in * * * a foreign country * * * more than one year prior to the date of the application for patent in the United States * * *." 35 U.S.C. § 102(b).

The Delacoste patent, which was not cited in the Patent Office, reads in directly pertinent part as follows:

> "This invention relates to a process of manufacturing hollow molded objects of natural or synthetic resin, weldless, seamless and practically without a gap * * *, as well as to a large variety of hollow molded objects which can be obtained by this process.
>
> "According to this invention, the process consists primarily in depositing in a mold, completely closed but demountable to permit extraction of the manufactured object, an amount of natural or synthetic resin necessary to obtain by deposit on the inside surface of the mold the desired wall thickness. Said resin is mixed with a plasticizer * * *. Thereafter it is heated, letting the mold oscillate gently so that the resin deposits itself uniformly on the entire surface, and the operation is prolonged until the gel has solidified (becomes firm) * * *, whereupon the mold is opened and the manufactured object is removed.
>
> "Thus, for example, to produce a seamless hollow object of polyvinyl resin, said resin may be kept in suspension in a suitable plasticizer * * *.
>
> "The amount of resin with its desired plasticizer is placed into the mold, the latter being closed and heated and the operations continue as indicated above. The heating of the mold can be brought about by projection of Steam, by immersion in a hot (warm) [11]

[11] The parenthetical word, here as elsewhere in the quoted portions of the Italian patent, represents an alternative translation of the original Italian—in this instance, the word "*caldo*." It is conceivable that daring lawyers or judges, recalling encounters with Italian sinks or Italian colleagues or Italian-English dictionaries, might deem it knowable without more that the word "*caldo*" may mean either "hot" or "warm" depending upon the context. The defendant, however, announced early in the trial a disposition to mount intensive attacks upon this word in the Italian patent. Plaintiff produced a distinguished expert in the Italian language to cope with this problem. The upshot of this effort is a finding that the Italian word "caldo" may mean either "hot" or "warm" depending upon the context.

liquid, electrically, electromagnetically, or by any other means.

* * * * * *

"Whatever may be the resin used for obtaining the deposit on the surface of the mold of a uniform product layer, it is necessary to have the mold utilized oscillate in a methodical, slow and regular manner. Thus, in accordance with one of the characteristics of the invention, excellent results are obtained by using a mold capable of revolving in a uniform or cadenced way, at a speed which can be of the order of 10 revolutions per minute, around two axes preferably at right angles (orthogonal).

"The mold, for example, may be carried by an oscillating arm pivoted around its axis, which arm is caused to rotate around an axis perpendicular or not to the preceding one.

"One observes that the process for obtaining hollow objects or bodies without joints, by a deposit on the inside surface of a closed mold has already been suggested for other uses, and that the invention is limited to the particular and new application of this process for the purpose of obtaining objects of natural or synthetic resin capable of forming a gel or thermohardening. This invention concerns itself also with new industrial products, hollow objects, of a regular thickness and without seams, made of natural or synthetic resin, which could not be produced heretofore.

"CLAIMS

"1. The process of manufacturing hollow objects substantially closed and without seams, by a deposit of a fluid or meltable and hardening substance on the inside surface of a closed, rotatory mold, consisting in depositing in the mold the desired amount of natural or synthetic resin, to obtain on the mold a layer of convenient thickness, to which is added if required a hardening agent, by causing the mold to rotate gently

in every (any) direction in order to obtain a uniform layer of resin on the entire inside surface of the mold, by heating to transform the layer of resin into gel, thereafter opening the mold and withdrawing the hollow object thus produced."

To state the court's conclusion broadly, everything Molitor purported to teach is found in the foregoing patent; the arguments of defendant for a contrary view are without merit.

a. Defendant's most insistent point—stressed in the briefs, elaborated in the testimony of defendant's expert, and deemed critical in the decision of the Court of Appeals for the Sixth Circuit, National Latex Products Co. v. Sun Rubber Company, supra—is that Delacoste failed to reach the target because he wrote only of causing the material to "gel," omitted the further need to fuse and cool, and so taught a futility. Delacoste not only failed to mention "fusing" and "cooling," say defendant and its expert, but he mentioned "projection of steam" among the several heating means he suggested; this *must* be read to show a temperature not greater than 212 F.; and so, the argument concludes, Delacoste obviously fell short of fusing and cooling the object. Whatever might have been thought of these contentions on the Sixth Circuit's smaller and different record, they are exposed as frivolous on the record before this Court.

If Delacoste is read with a view to learning from him—which is the assumed stance of one with ordinary skill viewing the prior art, cf. *Western States Mach. Co. v. S. S. Hepworth Co.*, 147 F.2d 345, 350 (2d Cir.), cert denied, 325 U.S. 873, 65 S. Ct. 1414, 89 L. Ed. 1991 (1945); *Application of Hooker*, 175 F.2d 558, 562, 36 C.C.P.A. 1164 (1949); *Pickering v. McCullough*, 104 U.S. 310, 319, 26 L. Ed. 749 (1881)—it is perfectly clear that he did not

mean to have the process stopped at the "gel" stage as the quoted word is currently used [15]—i.e., that he did not mean for the user to open the mold and be rewarded with only the drooling of a useless "cheesy mass" to be discarded as waste. He announced that the goal of his process was a "manufactured object;" that the operation should be prolonged "until the gel has solidifie[d] * * *, whereupon the mold is opened and the manufactured object is removed." He stated repeatedly that the last step was the opening of the mold "and withdrawing the hollow object thus produced." Defendant concedes the common understanding that plastisols had to be fused and cooled (at known temperatures) before they could be withdrawn from their molds (in any casting process) as "manufactured objects." Only a persevering desire to fail, or ignorance of what everyone knew, could have led to reading Delacoste as defendant insists he must be read.

The expert upon whose persuasiveness defendant puts heavy weight came slowly and grudgingly to this conclusion. He acknowledged, finally, that reading Delacoste in 1948, and knowing what was familiar to those skilled in the art about fusion and cooling, he would have carried Delacoste's teachings through these stages. He conceded, too, that Delacoste mentioned heating means clearly adequate for achieving the necessary temperatures.

After his concessions had been made, defendant's expert clung to an insistence that Delacoste was inferior to Molitor because only the latter taught that the whole pro-

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[15] The record shows that when Delacoste obtained his patent, it was common, especially in Europe (including England), to use the word "gel" ambiguously, tending to bracket under it the stages now separately identified as gelation and fusion. Defendant's expert tardily conceded this. But defendant's views on the subject lack substance even apart from this pertinent item of linguistics.

could be conducted at the single (fusion) temperature of over 300° F. The character of this point as a recently contrived, trivial, misleading irrelevancy has been treated earlier at more than sufficient length.

b. It is also asserted that Delacoste could not be read to disclose what Molitor later taught because the Italian patent covers a broad range of materials, both workable and unworkable, and fails to focus with clear and exclusive precision upon "plastisols." Molitor, it is argued, displays the virtue of such a clear reference.

It is true that Delacoste covers many things more than plastisols. But his references clearly cover plastisols, as anyone in the art concerned with them would have seen promptly. On the other hand, it is not true that Molitor achieves the asserted clarity on this subject. To begin with, "plastisol" was a familiar and sufficient word to describe a "plastisol" when Molitor made his alleged invention. But Molitor's patent never uses the word. Secondly, the phrase he does use — "a liquid mixture of a vinyl resin and a plasticizer therefor" — is neither exclusive of other things nor an apt way of saying "plastisol." Among his possibly inadvertent concessions on cross-defendant's expert was brought to admit that Molitor's language was not well suited to describing a "plastisol." He acknowledged that the words could also refer to an "organosol," obviously unsatisfactory for rotational casting. The evidence shows, in short, that anyone bent on learning nothing from Molitor (as the defense was with respect to Delacoste) could find that he described in vague general words an array of other materials unsuited to the process.

To rescue Molitor from this fate, the defense expert observed, fairly enough, that he would have brought to the patent his "common sense," his appreciation of the

one skilled in the art to discover practical benefits from what was being taught. But this entirely reasonable approach gives up the ghost of the theory that nothing good could have been found in Delacoste. The record makes clear that defendant's expert, like other interested persons with ordinary skill in the art, would have perceived the utility and workability in Delacoste (and Delacoste's entirely ample reference to plastisols) no less than in Molitor.

Indeed, while it is not strictly essential, it bears some emphasis that Delacoste's teachings were plainly superior to Molitor's in relevant respects. Delacoste defined precisely the mode and speed of rotation. While defendant's expert recognized the absence of any such teaching in Molitor, he said he would have been able to supply it by again invoking his "common sense." And defense counsel —supporting an invention he repeatedly epitomizes as "rotational casting"—came finally to the sound view that there was no need for Molitor to tell how to rotate because "the art will tell you that" (Tr. 4261).

Defendant formulates in various ways its attacks upon the adequacy of Delacoste's teachings. But they come in the end to the thoughts that have been discussed above. Underlying these thoughts are some legal premises on which a few words should be said. It is urged, for one thing, that foreign patents like Delacoste's should be "strictly construed." There is support in the books for this. See, e.g., *National Latex Products Co. v. Sun Rubber Company*, *supra*, 274 F.2d at 236; *Adler Enterprises, Inc. v. Carson, Pirie, Scott & Co.*, 218 F. Supp. 325, 330 (N.D. Ill. 1963); *Eversharp, Inc. v. Fisher Pen Co.*, 204 F. Supp. 649, 659 (N.D. Ill. 1961). There is a good deal of weighty sentiment to the contrary. See, e.g., *Dewey & Almy Chemical Co. v. Mimex Co.*, 124 F.2d 986, 989-990 (2d

Cir. 1942); *Trussell Mfg. Co. v. Wilson-Jones Co.*, 50 F.2d 1027, 1029 (2d Cir. 1931); *Application of Moreton*, 288 F.2d 708, 711, 48 C.C.P.A. §75 (1961). If it were necessary for this lower court to come down hard on the subject, the latter view would be followed. Where the essential inquiry is whether the subject was adequately and publicly taught over a year before the United States application—and noting that the statutory bar in 35 U.S.C. § 102(b) applies no less to foreign "publications" than to patents—there is no good reason in our time of international business to extend patent monopolies here by artificial excisions from foreign contributions. *Cf. Greiser v. Brenner*, 253 F. Supp. 906, 909 (D.D.C. 1966).

In any event, even "strict construction" does not entail the obstinate failure of comprehension urged by defendant and its expert. Reading Delacoste only with the understanding of those modestly skilled in the art, it anticipates Molitor.

Defendant has seemed sometimes to suggest (although defense counsel has explicitly and correctly disclaimed the suggestion) that Delacoste fails to anticipate because its vagueness and excessive breadth would not have met United States standards of patentability. In the circumstances, it is sufficient to note that this is not the test under § 102(b). Cf. *American Infra-Red Radiant Co. v. Lambert Industries, Inc.*, 360 F.2d 977 (8th Cir.), cert. denied, 385 U.S. 920, 87 S. Ct. 233, 17 L. Ed. 2d 144 (1966).

3. *The Sixth Circuit decision and defendant's fabrications as to the date of conception.*

Already mentioned more than once, defendant's victory of almost a decade ago in the Sixth Circuit, *National Latex Products Co. v. Sun Rubber Company*, *supra*, has

been a central subject in this lawsuit. That decision by a divided court (McAllister, J., dissenting) affirmed in all presently material respects the views of Chief Judge Jones in the District Court for the Northern District of Ohio, 159 F. Supp. 661 (1958). In this court, defendant has urged at length the heavy weight of those judgments and the burdensome anomaly of having a later decision invalidate a patent upheld so long ago.

Somewhat more unusual is plaintiff's effort to employ that unfavorable precedent as an independent and affirmative ground for denying enforceability of the patent. Plaintiff's thesis is that defendant perjuriously misled the Sixth Circuit in material respects, that the same false evidence has infected this court's record, and that defendant is precluded as a result from seeking enforcement of the patent here. For reasons now to be stated, plaintiff prevails on this aspect of the case.

a. *Grounds for departure from the Sixth Circuit's decision.*

The principles governing this aspect of our problem are familiar. The decision on patent validity of another federal court, especially a higher one, is entitled to great weight, as defendant says. See *Georgia-Pacific Corp. v. United States Plywood Corp.*, 258 F.2d 124, 133 (2d Cir.), cert. denied, 358 U.S. 884, 79 S. Ct. 124, 3 L. Ed. 2d 112 (1958); *Cold Metal Process Company v. Republic Steel Corp.*, 233 F.2d 828, 837 (6th Cir.), cert. denied, 352 U.S. 891, 77 S. Ct. 128, 1 L. Ed. 2d 86 (1956); *Novadel-Agene Corporation v. Penn*, 119 F.2d 764, 766 (5th Cir.), cert. denied, 314 U.S. 645, 62 S. Ct. 85, 86 L. Ed. 517 (1941). But it is not binding. See, e.g., *Jungersen v. Baden*, 69 F. Supp. 922 (S.D.N.Y. 1947), aff'd, 166 F.2d 807 (2d Cir. 1948), aff'd sub nom. *Jungersen v. Ostby & Barton Co.*, 335 U.S. 560, 69 S. Ct. 269, 93 L. Ed. 235

(1949); *Stanley Works v. Rockwell Mfg. Co.*, 203 F.2d 846, 848 (3d Cir.), cert. denied, 346 U.S. 818, 74 S. Ct. 30, 98 L. Ed. 345 (1953). Where, as in this case, the record leads compellingly to a different conclusion, the second court is forced, with all respect, to render a conflicting judgment. It is of importance, however, to state the grounds on which it appears to this court that the Sixth Circuit was led into error.

(1) For reasons already stated, this court has found that the Italian Delacoste patent anticipated Molitor's. Apart from the doctrine of strict construction applied by the Sixth Circuit to Delacoste (see 274 F.2d at 236),[16] that Court seems to have erred in material respects on this question. It singled out as a critical omission from Delacoste and an "essential and non-obvious step" in Molitor "the temperature change necessary to accomplish the transition of the material from gel to fusion." Id. at 235. Repeatedly emphasizing this "all-essential feature" (ibid.), the Court said "Delacoste teaches gelling and not fusion." Id. at 236. In the present case, however, to go no farther than the concessions of defendant's present expert, it is perfectly clear that anyone skilled in the art would have read and used Delacoste to bring the "manufactured object" to the point of fusion, followed by cooling.

(2) The Sixth Circuit appears to have been led to an excessively expansive view of what Molitor accomplished. It observed, (though he seems not to claim) that he created "a new product" (id. at 239). It seemed to credit him with evolving the *slush molding of plastisols*

[16] A doctrine which appears, incidentally, to have had less standing in the same Circuit both before and since the decision in Sun's favor. See *Allied Wheel Products v. Rude*, 206 F.2d 752, 759-760 (6th Cir. 1953); *Monroe Auto Equipment Co. v. Heckethorn Mfg. & Sup. Co.*, 332 F.2d 406, 413 (6th Cir.), cert. denied, 379 U.S. 888, 85 S. Ct. 160, 13 L. Ed. 2d 93 (1964).

(see id. at 240), though he acknowledges here that this was no part of his achievement.

(3) The Sixth Circuit was impressed by the "enormous commercial success" of Molitor's invention. Id. at 238. On the evidence here, it is difficult to perceive the basis for that characterization. Defendant has shown, to be sure, that its own plant produced some millions of "pieces" by the Molitor process in the 1950's. How "successful" or profitable this was is another question, largely unanswered, though it is perhaps relevant that defendant in 1958 (five years after Molitor's patent) was undergoing a Chapter XI reorganization when the Sixth Circuit opinion was written and for some time thereafter. As to more objective measures of patent success, defendant's case is notably unimpressive. Up to the time of the Sixth Circuit decision, defendant had acquired exactly one domestic licensee, and that a most equivocal one. The single licensee, B. F. Goodrich, was in the business of supplying materials for plastisols. At the time Goodrich took a license, at a modest price, defendant contracted to purchase for a year 75% of its resins from Goodrich, agreed to promote Goodrich resins with other licensees, and thus made commercially attractive this means of ostensible tribute despite the view of Goodrich's counsel that the Molitor patent was not a valid one.

(4) Perhaps the most significant point of all diminishing for this court the weight of the Sixth Circuit's decision is the overwhelming demonstration by the plaintiff here that the Sixth Circuit's record, like the one now under consideration, was blighted by perjury in significant respects.

In the Ohio Court, as here, Sun placed Molitor's date of invention at April 10, 1948. Central to that obviously material proposition was an oddly scattered series of a few

so-called "progress reports" by Molitor ranging from early April 1948 to February 1, 1949, with huge and suspicious gaps in the series.[17] For a long time, until the midst of the trial here, defendant was able to produce only copies of the papers that were before the Sixth Circuit. Employing both the copies and the ones belatedly produced—and pursuing a course of tenacious cross-examination—plaintiff was able to prove overwhelmingly the falsity of defense testimony about them and the falsity of the inference urged from them (and accepted by the Sixth Circuit) that Molitor made his invention in early April of 1948.[18]

To state the gist of what plaintiff has shown, it is that the reports prior to February 1949 were all concerned in fact with Molitor's work on such old techniques as slush casting, not rotational; that the testimony of defense witnesses attempting to show these papers as records of rotational casting is so clearly false and self-contradictory as to reveal deliberate untruthfulness; and that the efforts in this court to embellish and sustain what was told in Ohio serve only to highlight the falsity of the account in both places. These conclusions rest both upon the inherent incredibility of the testimony (analyzed in relation to the

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[17] Testimony for the defense was that Molitor was to make such reports weekly at first, later monthly. But the gaps are much larger than weeks or months. A defense witness suggested the explanation that Molitor was engrossed in his work, impatient over writing things down. Yet one of the longest of the few documents ascribed to him was shown to have been copied to a large extent from publicly available writings distributed by Goodrich.

[18] For reflections of the importance ascribed to this point and the "progress reports" by the Sixth Circuit, see 274 F.2d at 231, 233, 234. It is unnecessary for our purposes to pinpoint exactly the extent to which the subject was deemed critical by that Court. It is sufficient that it was obviously considered to be material and was offered by Sun, both there and here, to be so considered. See *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 247, 64 S. Ct. 997, 88 L. Ed. 1250 (1944).

documents) and upon the demeanor of the witnesses. Without attempting to detail exhaustively the factors underlying these ultimate determinations, some important items should be recorded:

(1) The exposure of defendant's fraud as to the time of conception begins with a document which was not before the Sixth Circuit but was turned up toward the end of the present plaintiff's dogged discovery on another (and less fruitful) subject. The document relates to the prosecution of Sun's Canadian application for a patent on Molitor's process in the course of which the Italian Delacoste patent, considered earlier herein, was cited, as it had not been in the United States Patent Office. In the correspondence on this subject, Sun's Akron patent counsel became concerned (unnecessarily as it developed) with the possible materiality of the Italian patent's grant date (October 9, 1948) as against its printing date (July 1949). Inquiring on this subject, Akron counsel wrote to the Canadian attorneys the following letter of November 30, 1956 (P. Ex. 256X, emphasis added):

> "I am in receipt of an Office Action, dated November 23, 1956, in the above entitled case in which the Patent Office cites Italian Patent No. 440,295, which was granted October 9, 1948, but was not printed until July 1949. We have met this patent in connection with certain litigation on the corresponding U.S. patent in this country and are prepared:
>
> "1. To point out the essential difference between the Delacoste patent and the disclosure in the Molitor application, and
>
> "2. To contest the effective date of the patent.
>
> "In connection with the latter matter, will you please advise me whether under the Canadian Patent Law the date of the grant is taken as the effective date of this patent or the date of the printing. *We can carry*

the date of the Molitor invention back of the printing date, but cannot carry the date of the invention back of the granting date of the Italian patent. In this connection, of course, I will have to be advised whether an earlier invention in the United States can be used in Canada to anticipate a situation of this character."

Thus, over ten years ago, with memories fresher and all the documents more readily available, defendant acknowledged (through counsel who had obtained the United States Patent) that it could not claim a date of invention before October 1948.

Later, in the Ohio lawsuit, it became apparent that a still earlier date of invention might be necessary to defeat claims of prior invention made there. That was the inception of the false testimony about "progress reports" extending back to April 1948 found persuasive in the Sixth Circuit and perpetrated again in this court.

Plaintiff lays great stress, as well it might, upon the fatal admission in the letter of November 30, 1956, recording that the date of invention could not be placed earlier than (or, evidently, as early as) October 1948. On the other hand, defendant's lengthy briefs are devoid of any reference whatever to this key exhibit. There is no attempt to explain the startling contrast between

(1) the acknowledgment closer to the events, by counsel who prosecuted the American patent application, that all the relatively recent information available to him dated the alleged invention after October 1948, and (2) the testimony here—by defendant's president, the inventor, and defendant's chief chemist, all assertedly documented by reading meanings into progress reports—that the significant and memorable achievement had been accomplished in April 1948.

The wholly unexplained contradiction goes far in itself to expose the falsity of the testimony on this subject. But the record further demonstrates this conclusion in other ways.

(2) Although it is testified that the progress reports, starting in April 1948, announce what was characterized by defendant's president as a major and unforgettable breakthrough to the rotational procedure, there is not a word about "rotation" or "rotating" (or turning or revolving or anything of the kind) in any one of them before February 1, 1949, where the simple and obvious words were used to describe the *then* new procedure.

(3) The Sixth Circuit found impressive, and particularly noted, Molitor's report of April 20, 1948. The Court also referred to handwritten notes in the margin of this report. See 274 F.2d at 233. Our record—and, really, the report on its face—shows that the report was not about rotational casting at all. The addressee of the report, Mr. Cartlidge, testified on deposition in the present case that it referred to slush casting. At the trial, after consulting with counsel, he changed this testimony. His first account was the truthful one. The marginal notes were made long after the report. The passage deemed significant by the Sixth Circuit refers to "curing * * * *under* infra red lamps * * * held 4 inches *above the mold*" to produce a temperature of 450 F. (emphasis added). It would be difficult even for a layman to produce a more misleading description of "rotational casting" on a machine with heat sources all around the revolving and rotating arm holding the mold—the picture the testimony would have the court discern in the report. If there were doubt that this is a false picture, it would be ended by the shifting, evasive, and thoroughly incredible efforts of Molitor to sustain defendant's contention on the witness stand.

(4) Molitor testified repeatedly, but not truthfully, that he was creating hollow toy lambs by rotational casting in April 1948. The evidence shows that he was using a *vented* lamb mold at that time, unsuited to the claimed process. When he came finally to cast a lamb rotationally,

his report of February 1, 1949, said so—for the first time. The report for April 20, 1948, alleged to reflect (though it nowhere mentioned) successful rotational casting of lambs, was amplified by Molitor's testimony that these April efforts produced a number of satisfactory toys by the new process. If the testimony were true, there would be no sense in Molitor's announcement almost a year later, in the February 1, 1949, report, which said: "Using a Rotating Machine developed in our Machine Shop and a lamb mold made of cast aluminum several lambs were cast from the Vinyl Plastisol Paste." [19]

(5) Molitor testified to pouring the plastisol into a cool mold before beginning rotation in April 1948. The contemporaneous document shows loading of the mold at 200 F.

(6) Defendant's president, Smith, undertook to shore up the April 1948 story by recalling a middle-of-the-night telephone call from Molitor (then an $86-per-week employee paid by the hour, and only placed in the higher, salaried category months later) urging excitedly that Smith come from his home to the plant to see a successful

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[19] Molitor was shown in other respects to have a penchant for misstatements that cannot be deemed inadvertent. He swore, for example, that a machine allegedly used in his 1948 experiments had not been known to him at the time as a "Kaysam machine" (a matter of potential consequence in the case). Confronted with a prior contradiction of this in writing, he retracted it. He swore falsely in the Patent Office to having experience working with plastisols prior to his employment by defendant. Examples could be multiplied, but it is sufficient to note that this alleged inventor was a singularly unimpressive witness whose credibility was not enhanced when he protested that he was "confused," apologized for "appear[ing] so stupid," professed modesty about his ability to express himself when his explanations sounded particularly lame, and explained that the supposedly vital "progress reports" did not mean what they appeared simply to say.

sample of a rotationally cast lamb.[20] The call and his response were etched indelibly on his memory, Smith said: "I'll never forget it." So he went, he testified, and saw the lamb. But this vivid recollection was not given to the Ohio court when Smith testified some ten years closer to the alleged event: The story is not true. There were no rotationally cast lambs at the plant in April 1948 at any time of the day or night.[21]

(7) On May 1, 1948, defendant's plant was struck. Molitor—allegedly having made the invention which, according to Smith, opened a whole "new panorama" for the company—went to his home in another state while others stayed close to the plant for the four months of the strike, eagerly discussing rotational casting. This odd detail, in its context, adds to the general aura of incredibility.

(8) Though defendant retained regular patent counsel, it was over two years after the alleged conception before Molitor's application for a patent was filed.

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[20] The evidence showed that before this nocturnal drama Molitor had little day-to-day contact with the company president, reporting normally to people lower in the hierarchy.

[21] This is not the only specific instance of false testimony by Smith. In an affidavit filed in this court to support a motion resisting *in personam* jurisdiction over defendant, he stated that Sun's only place of business was in Barberton, Ohio. The statement is now conceded to have been false. But it required an appeal from an order of dismissal to arrive at that concession. Another Smith affidavit denied the existence of a requirements contract with Goodrich. It has since been established that such a contract, negotiated by Smith, did in fact exist. The same affidavit denied, falsely, that defendant had ever licensed any company other than McNeil to make machines for Molitor's process—a denial that concealed a license with another company on which plaintiff predicates claimed antitrust violations. Other instances, cited by plaintiff, need not be recounted. It is recorded, however, that Smith's manner, his repeated mistakes and bland "correction" of them when they became apparent, and his tendency toward argumentative oratory—in addition to the substance of his inaccuracies—all comprised a chapter of the evidence which has proved hurtful to defendant's case.

(9) The Sixth Circuit mentioned Mohter reports of October 5, and December 6, 1948, to show that "on Mohter's orders a number of Mickey Mouse toys were made by a method which employed rotational casting." 274 F.2d at 233. There is nothing in these reports about rotational casting. The testimony purporting to tie them to this process, at least in this court, is untruthful.

b. Legal consequences of defendant's false evidence

Apart from its impact on the weight of the Sixth Circuit's decision as a precedent, the perjury committed in that Court and this one supplies independent grounds for refusing enforcement of defendant's patent against plaintiff. For reasons which have been outlined, this is not a case of isolated mistake or untruthfulness by a single witness. The picture is one of deliberately organized fabrication with defendant's president, the alleged inventor, and the erstwhile laboratory chief combining to create a story which did not exist for the use of defendant's patent counsel as late as November of 1956.

As has been observed, defendant came here with the Sixth Circuit decision as a major weapon. For this reason alone, the exposure of the infection in that case would seem sufficient to defeat defendant's counterclaim under the closely apposite holding of *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240, 54 S.Ct. 146, 78 L.Ed. 293 (1933).

But there is a more direct and immediate basis for the same result. Whatever has happened elsewhere, an extensive pattern of fraud affecting a material issue has been spread and laid bare on this court's record. The counterclaim seeks equitable relief. The familiar principles leading to the conclusion of the preceding paragraph, summarized in the ancient but still profoundly meaningful

doctrine of "unclean hands," would apply even if there had never been a similar case in the Sixth Circuit. It is sufficient to defeat the counterclaim that defendant has in this very court transgressed the weighty "public policy against the assertion and enforcement of patent claims infected with fraud and perjury * * *." *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 819, 65 S. Ct. 993, 999, 89 L. Ed. 1381 (1945); see also *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 246, 64 S. Ct. 997, 88 L. Ed. 1250 (1944). Unless the courts are to sit as "mute and helpless victims of deception and fraud," the kind of "tampering" defendant has undertaken "with the administration of justice" (id. at 246, 64 S. Ct. at 1001) must, at a minimum, close the court's doors against an affirmative claim for equitable relief pressed by such means. *Mas v. Coca-Cola Co.*, 163 F.2d 505 (4th Cir. 1947); *Heath v. Frankel*, 153 F.2d 369, 370-371 (9th Cir.), cert. denied, 328 U.S. 844, 66 S. Ct. 1025, 90 L. Ed. 1618 (1946); cf. *Root Refining Co. v. Universal Oil Products Co.*, 169 F.2d 514, 534-535 (3d Cir. 1948), cert. denied, 335 U.S. 912, 69 S. Ct. 481, 93 L. Ed. 444 (1949); *Brantley v. Skeens*, 105 U.S. App. D.C. 246, 266 F.2d 447, 452-453 (1959); *Brinson v. Brinson*, 334 F.2d 155, 159-160, 10 A.L.R.3d 795 (4th Cir. 1964).

4. Plaintiff's remaining contentions as to validity.

While plaintiff has prevailed on three separate and independently sufficient grounds for holding the patent unenforceable in this case, both the parties and the appellate court are entitled to a determination at this level of plaintiff's alternative arguments for the same result. The court's findings and conclusions on these further issues are as follows:

a. Plaintiff argues that Molitor was guilty of "late claiming" in the course of the patent's prosecution, running afoul of the rule in *Muncie Gear Works, Inc. v. Outboard Marine & Mfg. Co.*, 315 U.S. 759, 62 S. Ct. 865, 86 L. Ed. 1171 (1942). The contention is essentially similar to one considered at some length, and found unmeritorious, in the Sixth Circuit. See 274 F.2d at 230-231. This court agrees with and follows that determination.

b. Plaintiff contends that the patent is invalid both because its teachings are insufficient and because they are excessively broad and vague. This point generates a bit of perplexity in light of plaintiff's successful claim of obviousness. If the court has erred on that issue, there may be substance in this one.

The evidence demonstrates, for example, that mere rotation "in a multiplicity of planes" (as Molitor vaguely described it) is not calculated to give the uniform wall thickness proclaimed by defendant as one of the patent's signal achievements. Molitor himself appears never to have achieved this result except with the simplest of spherical objects. Problems of mold wall thickness and configuration—wholly untouched by Molitor—require special handling beyond mere rotation, and modes of rotation must be experimentally tested if the claimed uniformity is actually to be achieved.

Defendant's answer is that these problems and their solution were all well known in the art, so that the claimed inadequacy of teaching is not a meritorious objection. Similarly, when plaintiff charges a failure to teach the necessity for molds completely sealed, defendant attacks this as silly, overlooking that the earlier work of Frank Stefanski (discussed above) is reported to have fallen short of Molitor for this reason alone.

The court agrees with defendant that Molitor's defi-

ciencies were supplied by the knowledge of those skilled in the art. But this, the court has concluded, is true of the patent as a whole. Indeed, defendant's arguments in this aspect—excusing Molitor's vagueness or silence on matters at the heart of the alleged invention—tend to buttress the conclusion that there was nothing nonobvious anywhere in the patent.

The short of the present subject is this: if this court is mistaken in finding obviousness, plaintiff's contention as to the insufficiency of the disclosures may warrant reexamination notwithstanding the acknowledged requirement of a full adjudication at this level to the extent possible. As the decision now stands, there is neither occasion nor meaningful basis for sustaining this one of plaintiff's alternative theories.

c. Plaintiff contends that Molitor swore falsely in the Patent Office when he claimed to be the sole inventor of the process. There is substantial evidence for this view—not the least of which is found in his appearance on the witness stand and the evasive, unpersuasive testimony he gave there, including apparent ignorance of things an inventor of his claimed process would be thought to have remembered even many years later (e.g., what an "axis" is and how things rotate about it). The contention is also supported by (1) the demonstrated falsity of Molitor's story as to when he conceived the process (April 1948), and (2) President Smith's story that Molitor was away at home during the supposedly seminal months after April 1948 (the strike period) while others stayed on to consider rotational casting.

Plaintiff has not succeeded, however, in proving its primary contention under this heading—that the invention actually came to Sun from people, primarily a Mr. Collins and the Viceroy Company, in Canada. Thus, as the

record stands, assuming the process was an invention, it came out of Sun's laboratory, was promptly assigned to Sun, and could plausibly have been attributed by Sun to Molitor's work at some time or other even if others made suggestions or contributed incidentally in some respects. Considering all the circumstances, the court does not sustain plaintiff's alternative argument that Molitor's oath claiming sole inventorship should be held false and made a separate, additional ground for invalidating the patent. Cf. *Agawam Company v. Jordan*, 74 U.S. (7 Wall.) 583, 602-603, 19 L. Ed. 177 (1868); *Pointer v. Six Wheel Corporation*, 177 F.2d 153, 157 (9th Cir. 1949), cert. denied, 339 U.S. 911, 70 S. Ct. 570, 94 L. Ed. 1338 (1950); *Henry J. Kaiser Company v. McLouth Steel Corp.*, 257 F. Supp. 372, 406 (E.D. Mich. 1966); *Adams v. Columbus Manufacturing Co.*, 180 F. Supp. 921, 929 (M. D. Ga. 1960); *Becton-Dickinson Co. v. Robert P. Scherer Corp.*, 106 F. Supp. 665, 675 (E.D. Mich. 1952), aff'd, 211 F.2d 835 (6th Cir. 1954).

d. Plaintiff contends that the patent is invalid because an application for a similar Canadian patent was filed by defendant 51 rather than 60 days after the American filing. The legal issues thus raised have been thoroughly explored in an opinion of Judge Feinberg denying plaintiff's motion for summary judgment on this ground. 253 F. Supp. 12 (1966). That opinion left open, however, an opportunity for plaintiff to press the point at trial by attacking as a factual matter the Patent Commissioner's finding that the premature foreign filing was "inadvertent." See 253 F. Supp. at 22 n. 43.

The subject appeared on its face to pose potentially elaborate questions. For example, is the retroactive licensing, a matter seemingly confided to the Commissioner's discretion, reviewable at all? If so, what is the scope of

review? Is the Commissioner's determination prima facie correct, final if based upon substantial evidence, or subject to the de novo finding of a district court?

As the case has developed, however, these interesting subjects may be left for another day. Plaintiff has failed to show anything but "inadvertence" to account for the solecism (a filing premature by nine days) of which it complains. Even if the matter be deemed open here for the court's independent determination, this highly technical attack upon the patent must be held unfounded.

B. Infringement

If defendant's patent were valid, there is no serious doubt that plaintiff would be an infringer. Attempting to fashion a shield from one of defendant's swords, plaintiff urges that Molitor's patent must be read as limited to a two-step operation for gelling and fusing.[22] If the problem were not essentially trivial, there might be substance in this contention. It is certainly true that Molitor's original (rejected) claims sounded more like a one-step heating process than those on which the patent finally issued. It is also true that at the Examiner's instance—very possibly to slide past a cited patent for rotationally casting latex—the Molitor claims were amended in the closing stages of the long struggle to insert deliberately and specifically the references to "additional" and "further" heating for fusion which have been considered earlier. This makes plausible at least the claim of "file wrapper estoppel" which is an elaboration of plaintiff's thesis that only two-step heating procedures could be held to infringe.

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[22] It may be recalled that the court much earlier rejected defendant's claim to the supposedly unique, novel, and nonobvious idea of heating both to gel and fuse at the single (high) fusion temperature.

But the whole subject amounts in the end to a large quibble—generated, in fairness to plaintiff, by the patenting of a totally obvious procedure, however the well-known task of cooking was accomplished. Nevertheless, if the court's relative certainty on this score (as well as the other grounds of invalidity) should prove unfounded, it is recorded that plaintiff would then be an infringer of Molitor's process.[23]

II. PLAINTIFF'S ANTITRUST AND UNFAIR COMPETITION CLAIMS

Under this broad heading plaintiff has asserted and attempted to prove a variety of claims. Despite their number and the earnestness with which they have been pressed, all have proved to be baseless in fact or in law or both. They merit only brief treatment here.

|14| A. As has been noted, the Goodrich Company took a license under the patent from defendant in 1953, and defendant, in a related and substantially contemporaneous contract, agreed to purchase 75% of its resins from Goodrich for a year. Plaintiff purports to find in this an unlawful "tying" agreement. The argument is scarcely intelligible. Plaintiff says further that the deal amounted to an illegal "rebate," but this thought is also difficult to follow and unmeritorious. The evidence on this subject diminishes the significance of the "tribute" defendant claims from Goodrich, but fails to make out the kind of unlawful exclusive dealing (or other antitrust violation) plaintiff has sought to establish. Cf. *Tampa Electric Co. v. Nashville Coal Co.*, 365 U.S. 320, 81 S. Ct. 623, 5 L. Ed. 2d 580 (1961).

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[23] Plaintiff has some other "estoppel" arguments on this subject. They are without merit.

B. Plaintiff also charged that defendant had unlawfully conspired with machinery makers to restrict sales of rotational casting machines to licensees under the Molitor patent. Except for a brief and debatable contract expiring in 1955 between defendant and one machinery maker (from the existence of which plaintiff has shown no damage to itself), the evidence does not sustain, but serves to refute, this charge.

C. It is further alleged that defendant Sun effected an unlawful restraint by licensing bystander defendant Wonder Products Company (see footnote 1, supra) to use the Molitor process for hobby horses while denying this mode of use to other licensees. The argument is answered, as plaintiff substantially concedes, by *General Talking Pictures Corp. v. Western Electric Co.*, 304 U.S. 175, 58 S. Ct. 849, 82 L. Ed. 1273, aff'd on rehearing, 305 U.S. 124, 59 S. Ct. 116, 83 L. Ed. 81 (1938). Moreover, plaintiff's claim of injury from this asserted violation is wholly unsupported by the record.

D. There is a further charge that defendant engaged in unlawful "package licensing," requiring licensees to take (and pay for) rights under other and lesser patents as a condition of using the Molitor process. The evidence refutes the charge.

E. Equally unsubstantial is the argument that defendant committed an unlawful restraint when it sought and obtained from its licensees the promise of licenses from them under any patented improvements in the process. At least in the absence of antitrust violations not shown here, there is nothing wrong in this. *Transparent-Wrap Machine Corp. v. Stokes Co.*, 329 U.S. 637, 67 S. Ct. 610, 91 L. Ed. 563 (1947).

F. Plaintiff accuses defendant of other things asserted to have been unfair competitive practices. The accusations are so unsubstantial on their face—or so wholly devoid of evidentiary support—as to be frivolous.

III. CONCLUSIONS OF LAW SUMMARIZED

A. Defendant's patent, No. 2,639,134, is invalid under 35 U.S.C. § 103 because its "subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains."

B. The patent is also invalid on the separate and independent ground of 35 U.S.C. § 102(b), because the invention was patented more than a year before the Molitor application in Italian Patent No. 440,295 (Delacoste).

C. The Molitor patent would, in any event, be unenforceable, and the counterclaim for enforcement must be dismissed, for the further, separate reason that both in the Sixth Circuit and here defendant has sought enforcement by means of deliberately fabricated evidence as to date of invention, with false testimony on this subject given by defendant's president, the alleged inventor, and the man who was defendant's chief chemist during the material times.

D. Plaintiff's other grounds for holding the patent invalid are not sustained.[21]

E. Assuming the patent in suit is valid, plaintiff has infringed it.

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[21] This summary should include, however, the court's contingent reservation on the question of allegedly vague and insufficient teachings, which would seemingly warrant further consideration if the conclusion as to obviousness is later found erroneous.

F. Plaintiff's antitrust and unfair competition claims are without merit.

One task remains before the formulation of a judgment based upon the foregoing findings and conclusions. Both parties have made claims for attorneys' fees. At the conclusion of the trial, since such claims would obviously be affected by the rulings on the issues now decided, it was agreed that the problem of counsel fees should be postponed pending such rulings. Accordingly, it is directed that the parties serve and file their post-trial submissions on this subject by December 6, 1967, and that any reply papers be served and filed by December 13, 1967.

MEMORANDUM DECISION ON MOTION FOR SUMMARY JUDGMENT, BARR RUBBER PRODUCTS COMPANY v. SUN RUBBER COMPANY, 253 Fed. Supp. 12-23

(March 9, 1966.)

FEINBERG, *District Judge.*

In November 1960, plaintiff, The Barr Rubber Products Company ("Barr"), brought an action seeking a declaration that a patent owned by defendant, The Sun Rubber Company ("Sun"), is invalid. The patent in question is United States Molitor patent No. 2,629,134 ("the Molitor patent"). In its complaint and counterclaim, Barr also alleges unfair competition and antitrust violations for which it seeks damages and injunctive relief.[1] In two

[1] Barr originally also sued Wonder Products Company. In May 1965, Wonder was dropped as a defendant. In August 1965, Barr's motion to join McNeil Corporation and B. F. Goodrich Company as defendants was denied.

counterclaims, Sun asks for a declaration that its patent is valid and has been infringed and seeks equitable relief and damages for patent infringement, alleged antitrust violations and unfair competition. After discovery had been completed and a tentative trial date had been set, and while the pre-trial order was being worked on, Barr brought the instant motion for summary judgment based upon facts uncovered only the last stages of discovery.[2] Barr's motion raises only one of the many asserted deficiencies in the Molitor patent. The motion is based on 35 U.S.C. §§ 181, 184, and 185, provisions enacted to protect national security by requiring, under certain circumstances, authorization from the Commissioner of Patents ("the Commissioner") before filing patent applications abroad. Barr asserts that an unauthorized filing in Canada in 1950 invalidates the Molitor patent.

The undisputed facts are these: The application for a United States patent was filed on June 27, 1950, in the name of Robert T. Molitor (patent application serial No. 170,515) for a "Method of Manufacturing Articles from Vinyl Resins."[3] The patent was not issued until February 24, 1953. However, pursuant to a standing order of the Commissioner,[4] a license was immediately issued to the applicant, attached to the back of the application receipt.[5] This license in essence authorized the applicant to file a

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[2] This hotly contested litigation was assigned for all purposes to the writer of this opinion in December 1964, after over 6,000 pages of deposition testimony had been taken. Since then, plaintiff has brought no less than 9 motions, including an application to take 19 additional depositions, which was granted. See Memorandum Opinion, Aug. 11, 1965 at 3.

[3] Barr's Motion for Summary Judgment, Exhibit ("Ex.") A.

[4] Id., Ex. C. (Commissioner of Patents, Order No. 4025, Jan. 31, 1946, U.S. Patent Office Official Gazette 539 (Feb. 26, 1946)).

[5] See Sun's Memorandum Opposing Motion ("Mem. Opp."), p. 6.

similar application in foreign countries after sixty days had elapsed, providing no secrecy order had been issued during the interim. Contrary to the terms of the license, Sun filed its Molitor patent application in Canada on August 18, 1950, after only fifty-one days had passed. Apparently, Sun learned of this license violation only recently when Barr declared its intention to attack the patent's validity on that ground and thereafter filed this motion for summary judgment on October 22, 1965. Taking immediate steps, on October 26, 1965, Sun petitioned the Commissioner to issue a retroactive license authorizing the Canadian filing.[6] The same day, after an ex parte proceeding, the Commissioner issued the requested license retroactively authorizing the filing of the application in Canada as of August 16, 1950, two days before it actually was filed there.[7] Thereafter, Barr petitioned the Commissioner early in January 1966 (1) to establish a procedure by which Barr could present its views as to whether the Commissioner should reconsider the grant of the retroactive license, and (2) to issue a written decision disclosing the basis on which the license was granted.[8] On February 2, 1966, Barr's petition was denied. Barr's motion for summary judgment in this court was thereafter renewed.

In support of its motion, Barr makes the following arguments: (1) The Commissioner no longer has jurisdiction to issue a retroactive license allowing a foreign application after the claimed invention has received a United States patent. (2) Even assuming the Commissioner retains the power to issue such a retroactive license, he may

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[6] Id., Ex. A.

[7] Id., Ex. B.

[8] Petition under Rule 182, filed by Barr with the Commissioner.

do so only where a foreign filing does not violate the terms of a license already granted. (3) The Commissioner issued the retroactive license under a law no longer in existence. (4) The retroactive license should not have been granted because Sun made a legally insufficient showing of "inadvertence" as its excuse for filing prematurely. These arguments will be taken up in order.

I

Barr's first contention is the most substantial. It maintains that 35 U.S.C. §§ 184, 185, when read together and considered in the light of predecessor provisions, restrict the Commissioner's authority to issue retroactive licenses to the period while a United States application is still pending. In this case, that period extended only from June 27, 1950, the date of the Molitor patent application, to February 24, 1953, the date the patent issued. Barr contends that after issuance of a patent, the matter has egressed forever from the Commissioner's administrative jurisdiction. Sections 184 and 185 provide:

§ 184. Filing of application in foreign country.

Except when authorized by a license obtained from the Commissioner a person shall not file or cause or authorize to be filed in any foreign country prior to six months after filing in the United States an application for patent or for the registration of a utility model, industrial design, or model in respect of an invention made in this country. A license shall not be granted with respect to an invention subject to an order issued by the Commissioner pursuant to section

Barr also claims that whether Sun's premature filing was inadvertent (see 35 U.S.C. § 184) is a fact in dispute. This objection to the issuance of a retroactive license is not the proper subject of a motion for summary judgment, hence it has not been considered in this opinion.

181 of this title without the concurrence of the head of the departments and the chief officers of the agencies who caused the order to be issued. The license may be granted retroactively where an application has been inadvertently filed abroad and the application does not disclose an invention within the scope of section 181 of this title.

The term "application" when used in this chapter includes applications and any modifications, amendments, or supplements thereto, or divisions thereof.

§ 185. Patent barred for filing without license

Notwithstanding any other provisions of law any person, and his successors, assigns, or legal representatives, shall not receive a United States patent for an invention if that person, or his successors, assigns, or legal representatives shall, without procuring the license prescribed in section 184 of this title, have made, or consented to or assisted another's making, application in a foreign country for a patent or for the registration of a utility model, industrial design, or model in respect of the invention. A United States patent issued to such person, his successors, assigns, or legal representatives shall be invalid.

These provisions are the most recent of a series of statutes requiring permission by license to file patent applications abroad. The pre-World War II acts contained no retroactive licensing provisions.[10] Nevertheless, the Commissioner issued retroactive licenses even after patents had issued.[11] In 1946, section 6 of the Boykin Act.[12]

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[10] Ch. 95, 40 Stat. 394 (1917), amended, ch. 501, 54 Stat. 710 (1940), added by ch. 392, 55 Stat. 656 (1941), extended for duration of war, ch. 415, 56 Stat. 370 (1942).

[11] See report on § 6 of the Boykin Act, 60 Stat. 943 (1946), H.R.Rep. No. 1498, 79th Cong., 2d Sess. (1946), reprinted in 1946 U.S. Code Cong. & Ad. News ("H. Rep. No. 1498") 1491 at 1496.

[12] 60 Stat. 943 (1946).

became law, specifically saving patents from invalidation because of unauthorized foreign filing if "the Commissioner subsequently authorized the filing of the application * * *." *In re Lee*, 77 U.S.P.Q. 659 (Comm'r of Patents 1948), held that the Commissioner had power to continue granting post-patenting retroactive licenses. The Invention Secrecy Act of 1951[11] repealed the earlier foreign filing statutes and substituted section 184, which less clearly deals with the Commissioner's power to grant a retroactive license after a patent has issued. Recently there has been a spate of cases dealing with the issue posed by Barr; the weight of authority is clearly contrary to its position. *Pillsbury Co. v. General Mills, Inc.*, 252 F. Supp. 747 (D.Minn 1966); *Nordberg Mfg. Co. v. Jackson Vibrators, Inc.*, Civil No. 63-2250, N.D.Ill., Jan. 10, 1966 (opinion in form of letter to counsel); *Pillsbury Co. v. Brenner*, 146 U.S.P.Q. 99 (D.D.C. 1965) (connected case); *Blake v. Bassick Co.*, 146 U.S.P.Q. 157 (N.D.Ill. 1963) and 245 F. Supp. 635 (N.D.Ill. 1965); *Engelhard Indus., Inc. v. Sel-Rex Corp.*, 145 U.S.P.Q. 319, 324 (D.N.J. 1965); *Davidson Rubber Co. v. Sheller Mfg. Corp.*, 248 F. Supp. 842 (S.D.Iowa 1965); *McCulloch Motors Corp. v. Oregon Saw Chain Corp.*, Civil No. 919-57-PH S.D.Cal., Central Div., June 29, 1963, reproduced in Mem.Opp. Ex. E (dictum); see *McCormick v. Brenner*, 146 U.S.P.Q. 340 (D.D.C. 1965); *In re Rinker & Duva*, 145 U.S.P.Q. 156 (Comm'r of Patents 1964). *Contra, Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. 150 (N.D.Ohio 1965).

For purposes of discussion, it may be helpful first to examine the *3M* litigation since it contains an analysis of key considerations and is Barr's sole judicial support. Plaintiff Minnesota Mining & Mfg. Co. had filed an appli-

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[11] 35 U.S.C. §§ 181-188.

cation for patent with the United States Patent Office in 1958.[11] Less than six months thereafter, without any license, plaintiff filed the same application in five foreign countries. In 1959, the Patent Office did issue a license permitting foreign filing, but not a retroactive one, and a patent issued in 1960. Thereafter, plaintiff brought an infringement suit against Norton Co. Defendant moved for summary judgment on the ground that plaintiff's unlicensed foreign filing violated 35 U.S.C. § 184 and invalidated the patent *ab initio* under 35 U.S.C. § 185. The court agreed.[15] Thereafter, plaintiff secured a retroactive license from the Commissioner and sought reconsideration of the court's order. Denying the motion, the court held that once the Commissioner issued a patent he no longer had jurisdiction to issue a retroactive license, and that therefore plaintiff's patent remained invalid. *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. 150 (N.D. Ohio 1965).

Chief Judge Connell reasoned as follows: Traditionally, the courts and not the Patent Office have had jurisdiction to affect or control patents after their issuance; the few legislative exceptions giving the Patent Office continuing power over issued patents have been strictly confined to their terms by the courts. One such exception was the Boykin Act's express provision[16] that the Commissioner could issue a retroactive license authorizing prior foreign filing and thereby validate patents already issued as well as patents yet to be issued. But the present provision (35 U.S.C. § 184) does not expressly provide for

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[11] Plaintiff was actually the assignee of the original applicant.

[15] *Minnesota Mining & Mfg. Co. v. Norton Co.*, 144 U.S.P.Q. 272 (N.D.Ohio 1965).

[16] Section 6, 60 Stat. 943 (1946).

retroactive licensing of patents; rather, it speaks only of applications. Moreover, section 185 provides that persons who file abroad without a license "shall not receive a United States patent," further implying that any license for foreign filing—retroactive or not—must be granted before a patent issues, or else not at all. The difference between section 6 of the Boykin Act and the present provisions is that the former, which extended Patent Office jurisdiction, was a temporary law, "a product of exigency necessary to facilitate postwar recovery without working unjust results on inventors hampered by war-time communication problems." (240 F.Supp. at 154). Removal from section 184 of the express jurisdiction Congress had extended in the prior act is inferred from a committee report to have been one of " 'several changes recognized as desirable as a result of experience under the temporary law and problems anticipated under a permanent law.' " [17]

The *Minnesota Mining* case is a minority view, and at least seven other judges have disagreed with its reading of sections 184 and 185. This opposing judicial interpretation was succinctly put in *Blake v. Bassick Co.*, 146 U.S.P.Q. 157 (N. D. Ill. 1963) and 245 F. Supp. 635 (N. D. Ill. 1965). In *Blake*, plaintiffs were the owner and licensee of a patented furniture leveling device. Defendants moved for summary judgment twice on the ground that the patent had been voided by the premature filing of a related application in Great Britain. In his 1963 decision, Judge Robson orally denied the motion on the ground that there remained genuine issues of fact, but in a strong dictum indicated his conclusion that the Commissioner had power to grant a retroactive license even

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[17] 240 F.Supp. 155, quoting S.Rep. No. 1001, 82d Cong., 2d Sess. (1952), reprinted in 1952 U.S.Code Cong. & Ad.News ("S. Rep. No. 1001") 1321.

after he had issued the related patent. Sometime later, defendants renewed their summary judgment motion, relying largely on the intervening decision in *Minnesota Mining*. This time the court denied the motion in a holding explicitly ruling on the foreign filing issue. Judge Robson apparently accepted the basic premise of *Minnesota Mining* [18] that in the absence of specific congressional authorization the Commissioner is powerless to affect the validity or invalidity of a patent after it is issued. But, disagreeing with *Minnesota Mining*, Judge Robson, in the second *Blake* decision, found that:

> [E]xpress Congressional authorization in Section 184 gives the right to grant retroactive licenses, and Section 185 refers to the license prescribed in Section 184. One such license prescribed by Section 184 is the retroactive license.[19]

Examining the meager legislative history behind sections 184 and 185, Judge Robson concluded that Congress did intend to continue in the present act the Patent Office jurisdiction it had created in section 6 of the Boykin Act. Accordingly, a retroactive license insulated the patent from attack because of inadvertent filing abroad, and defendants' motion for summary judgment was denied.

The issue was also raised in *Pillsbury Co. v. General Mills, Inc.*, 252 F. Supp. 747 (D. Minn. 1966). In that case, the patent application in question was filed in the Patent Office in April 1961. Without a license to do so and within six months (and therefore in violation of 35 U.S.C. § 184), plaintiff Pillsbury filed an application in Canada. A patent was issued to plaintiff in June 1963 on

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[18] *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. at 155, quoted in *Blake v. Bassick Co.*, 245 F. Supp. at 637 (second decision).

[19] 245 F. Supp. at 637.

its United States application. In May 1965, apparently discovering for the first time that its filing abroad had been improper, plaintiff petitioned the Commissioner for a license under 35 U.S.C. § 184 to validate retroactively the Canadian application. Because of conflicting judicial decisions,[20] the Commissioner declined to grant the license. Plaintiff Pillsbury therefore brought an action against the Commissioner in the United States District Court for the District of Columbia for a declaration that the Commissioner had authority to grant a retroactive license relating to an issued patent. That court held that the Commissioner could issue such a license.[21] Pillsbury then again requested a retroactive license from the Commissioner, and one was granted. Plaintiff Pillsbury thereafter argued before Judge Nordbye, in response to defendant's motion to dismiss plaintiff's suit, that the retroactive license cured any defects in its patent.

In denying defendant's motion, the court squarely disagreed with the reasoning and holding of *Minnesota Mining*; specifically, it rejected that opinion's reading of the legislative history of 35 U.S.C. §§ 184, 185 and characterized that court's view as contrary to "the clear weight of authority."[22] In response to defendant's argument that a patent once lost cannot be resurrected by the Commissioner, the court stated (252 F. Supp. at 748):

> Realistically, moreover, this patent never entered the public domain under Section 185 until it was established that the patentee had violated Section 184. In other words, the invalidity of this patent never was

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[20] The opinions referred to were *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. 150 (N.D.Ohio 1965), and *Engelhard Indus., Inc. v. Sel-Rex Corp.*, 145 U.S.P.Q. 319 (D.N.J. 1965).

[21] *Pillsbury Co. v. Brenner*, 146 U.S.P.Q. 99 (D.D.C. 1965).

[22] *Pillsbury Co. v. General Mills, Inc.*, 252 F. Supp. at 749.

affirmatively established before plaintiff had procured the required license from the Commissioner which was granted retroactively to a date prior to the alleged violation of Section 184. If there is an apparent inconsistency in granting a retroactive license under Section 184 when Section 185 provides that under the circumstances herein a person shall not receive a patent, and if issued, it shall be invalid, that inconsistency was no doubt recognized by the District Court of the District of Columbia when it held that regardless of the issuance of Patent No. 3,308,808, the Commissioner was authorized to issue a retroactive license if the Canadian application had been made inadvertently.

The court also rejected the argument (not made here by Barr) that the only purpose a retroactive license could serve would be to relieve a violator of 35 U.S.C. § 185 from the criminal penalties of 35 U.S.C. § 186.[23] Accordingly, the court held that the Commissioner had power to issue the retroactive license and that the patent was valid.[24]

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[23] § 186. Penalty

Whoever, during the period or periods of time an invention has been ordered to be kept secret and the grant of a patent thereon withheld pursuant to section 181 of this title, shall, with knowledge of such order and without due authorization, willfully publish or disclose or authorize or cause to be published or disclosed the invention, or material information with respect thereto, or whoever, in violation of the provisions of section 184 of this title, shall file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design, or model in respect of any invention made in the United States, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than two years, or both.

[24] Accord, district court cases cited at p. 15, supra. See also *In re Rinker & Duva*, 145 U.S.P.Q. 156 (Comm'r. of Patents 1964), in which the Patent Office stated that it customarily granted retroactive licenses under section 184 even after the

(Continued on following page)

The almost unanimous course of decisions might of itself be sufficient to dispose of Barr's motion. However, apparently no appellate court has ruled on the issue as yet and it is substantial enough to warrant further analysis. In the absence of a clear statement of legislative intent in congressional hearings or reports, the courts, and counsel in the present case, have resorted to intricate internal linguistic analysis. The last sentence of the first paragraph of section 184 states:

> The license may be granted retroactively where an application has been inadvertently filed abroad and the application does not disclose an invention within the scope of section 181 of this title.

Having noted that the Boykin Act expressly authorized retroactive licensing subsequent to the issuance of a patent, the court in *Minnesota Mining* observed that the last portion of the language quoted above

> permits a retroactive license to issue only when the *application* discloses no harmful information; if Congress had intended to extend the Patent Office jurisdiction beyond its normal administrative reaches, it would have included the phrase "or patent" after "application." * * * Without the inclusion of such language, however, we detect nothing here which permits the Patent Office to assert itself over an application which has already ripened into a purported patent.[25]

Regarding as erroneous the assumption that "application" referred to a domestic, rather than a foreign, filing, the

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(Continued from preceding page)

relevant patent had issued, but significantly added: "Whether or not the granting of such a license could serve to validate a patent which had been issued before the license was granted is, of course, a matter for determination by the courts."

[25] *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. at 155 n. 4.

court in *Pillsbury Co. v. General Mills, Inc.* characterized this conclusion as having led the *Minnesota Mining* court "astray." [26] The first *Blake* decision agreed that this was an erroneous reading and that Congress intended "application" to refer to the foreign application, stating:

> [T]he word "application" is used when speaking of the foreign application, as is understandable, in that the U.S. Government was seeking to prevent any disclosure of an invention to a foreign nation before this country had decided whether it wanted to pre-empt the invention.
>
> Congress undoubtedly used the word "application" advisedly, not in contradistinction to "patent"—national security was to be preserved by prohibiting disclosure not by prohibiting foreign patenting.[27]

In this case, Barr rejoins in defense of the *Minnesota Mining* interpretation with a counter-argument: [28] Admittedly, in the last sentence of the first paragraph of section 184, the first occurrence of "application" refers to the foreign application. But, says Barr, in its second occurrence "application" refers to the initial United States application, and here the word is used in contradistinction to "patent," as Judge Connell concluded:

> Having weighed the arguments and authorities cited by counsel, I certainly agree with Judge Robson that "it must be conceded that there is some ambiguity in Congressional intent * * *." [29] Nonetheless, it seems reasonably clear that section 184 authorizes the Commissioner to issue a retroactive license even after a patent has issued.

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[26] 252 F. Supp at 749.

[27] 146 U.S.P.Q. at 160 (dictum).

[28] Barr's Reply Brief, pp. 8-11.

[29] *Blake v. Bassick Co.*, 245 F. Supp. at 638 (second decision).

There are several reasons for this conclusion. First, the initial use of the word "application" in the last sentence of the first paragraph of section 184 clearly means an application in a foreign country, since the word is modified by "filed abroad." As to the meaning of "application" in its second occurrence in that sentence, it seems more probable that the same word used twice in the same sentence has the same meaning in each case. This requires rejection of the argument that "application" means a domestic application, and moreover was intended as a term in contradistinction to "patent." Barr also relies on the direction in section 185 that a person who files without authorization "shall not receive" a patent, and that a "patent issued to such person * * * shall be invalid." The first directive, of course, prevents the Commissioner from issuing a patent if he knows that a heretofore unauthorized unlicensed foreign filing has occurred. But without question at that stage the Commissioner may grant a retroactive license and thereafter issue the patent. The second command of section 185 obviously deals with the situation where the Commissioner issues the patent ignorant of a previous unauthorized filing abroad. Barr's contention is that by decreeing in the last sentence of section 185 that any patent issued "such person" shall be invalid, the legislature meant "such person" to refer to one who had not procured a license by the date the patent issued.[10] On the basis of linguistic analysis alone, it is at least equally probable that no such intention was held by the legislature; in other words, that "such person" refers broadly to one who has not procured a license at any time, and does not more narrowly refer to one who has failed to get a license by the time the patent issues. It is unlikely

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[10] Barr's Reply Brief, p. 10.

that Congress intended to invest the statutory terms with such subtle meanings now discovered years later by skillful counsel. Thus, to recapitulate, I believe that internal analysis of sections 184 and 185 does not support Barr's position that the Commissioner may not grant a retroactive license after a patent to which it relates has issued.

Several further considerations weigh against Barr. First of all, such legislative history as the court has been able to uncover suggests that with respect to the Commissioner's authority to issue retroactive licenses, the framers of the current act did not intend to change the substance of section 6 of the Boykin Act—except to make explicit [31] the requirement that a showing of inadvertent filing be made by the licensee. It is true that the substantially identical Senate and House reports of the Invention Secrecy Act of 1951 state that this act transforms the temporary wartime legislation into permanent law, "with several changes." [32] However, I respectfully disagree with Judge Connell's view [33] that one change Congress made was to remove some of the Patent Office's retroactive licensing jurisdiction. It seems more likely that the substantive changes the reports refer to are of other parts of the act, since the reports go into some detail on changes which clearly were made, but in contrast, in the paragraph devoted to what are now sections 184 and 185, the reports

[31] Although § 6 of the Boykin Act did not in terms require the petitioner for a retroactive license to show inadvertence, evidently that statute was not meant to license willful violation of the licensing provisions. See discussion of § 6 in H. Rep. No. 1498, U.S. Code Cong. & Admin. News 1946, at 1496. This was apparently also the Commissioner's interpretation. See *In re Lee*, 77 U.S.P.Q. 659 (Comm'r of Patents 1948).

[32] S. Rep. No. 1001, U.S. Code Cong. & Admin. News 1952, at 1321.

[33] See text accompanying note 17 *supra*.

allude to no substantial alteration of this portion of the prior act.

It may be contended that the rule adopted here makes it unclear whether a patent is valid or not; a court might declare it invalid for want of license, and then the Commissioner could breathe life into it by issuing a retroactive license. That, of course, is not the case before the court, nor is it likely to occur frequently (although concededly it could have occurred in *Minnesota Mining* on the motion for reconsideration). In most cases, as here, the retroactive license will be issued if it is issued between the time this ground of invalidity is raised in a court and decision on its merits is handed down—especially if the patent owner requests a stay to apply for his license. Moreover, any uncertainty would exist only for a limited period—the time it takes to secure a retroactive license, and if that is secured, to obtain a ruling from the court where the patent is under attack.

Finally, I have given weight to the interpretation the Commissioner has given section 184. His day to day experience in administering this and numerous other sections of the patent code entitles his opinion on its interpretation to serious consideration in deciding matters such as this. It has been the Commissioner's almost continuous practice to grant retroactive licenses under section 184 even after patents have issued.

S. Rep. No. 1007, U.S. Code Cong. & Admin. News 1952, at 1321-1324.

See *Mfg. v. Cheney Corp.*, 332 U.S. 194, 209, 67 S. Ct. 1575, 1760, 91 L. Ed. 1995 (1947); *Blake v. Bassett Co.*, 146 U.S.P.Q. 157, 160 (N.D.Ill. 1963) (dictum).

See *In re Rinker & Duba*, 143 U.S.P.Q. 156 (Comm'r of Patents 1964), discussed in note 24 *supra* of text at note 20 *supra*.

[1] In summary, with the exception of the *Minnesota Mining* case, all the precedents support the position that the Commissioner has the power to issue a retroactive license after a patent has issued and that, if he does, the original unauthorized filing abroad is no longer a basis for attacking the patent. I adopt this rule. I reject the rigid alternative which, in this case, would require destruction of a patent issued over thirteen years ago because of an application filed nine days too soon by oversight. Such a harsh result is not required by the language of the statute or its legislative history. Moreover, the construction of 35 U.S.C. §§ 184, 195 adopted here does not offend the policy of the Invention Secrecy Act. Presumably, if a foreign filing did compromise national security, no retroactive license would be granted, and the patent would be invalid. Accordingly, Barr's argument that the Commissioner was without power to issue a retroactive license fails.

II

[2, 3] Barr's remaining arguments are less weighty. Thus, it contends that it was improper for the Commissioner to issue a retroactive license to a patentee who has filed an application abroad in contravention of the terms of a license he had initially been given. In this case, Sun originally received a license permitting foreign filing to begin sixty days later, but filed abroad after fifty-one.[37] Barr's point is that violation of a previously issued license is more serious than the simpler situation where no prior license has been issued. But whether an applicant filed abroad improperly because he had no license or instead because he disobeyed the terms of a license he already possessed is immaterial. What alone is material under the

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[37] See text at notes 3-7 *supra*.

statutory provision is whether he filed abroad inadvertently. A person may do something by oversight or other accident, i.e. "inadvertently," [35] even when he has notice or once had knowledge that he must not. It may be that the Commissioner or the courts could properly define "inadvertence" in such a way as to preclude the issuance of a retroactive license in any case where the applicant violated a license he already held. However, the Commissioner has never laid down such a strict definition, and this court declines at this time to do so. Alternatively, the Commissioner might well, in his discretion, require a fuller showing of inadvertence from an applicant who has received and violated a prior license, but that is not the issue here. I hold, therefore, that Sun's violation of a previous license does not of itself preclude a finding of inadvertence, and that the existence and violation of a prior license is in other respects irrelevant to whether the Commissioner had the power to issue a new retroactive license.

[4] As another ground in support of its motion, Barr submits that the Commissioner issued the retroactive license pursuant to a law that has been repealed, section 6 of the Boykin Act. Barr claims that whereas the present law, 35 U.S.C. § 184, [36] requires a showing of inadvertence to obtain a retroactive license, the prior law did not. Therefore, Barr contends, the Commissioner should have required a showing of inadvertence but did not. Barr

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[35] "Inadvertence" is defined as:

1: * * * lack of care or attentiveness: INATTENTION * * *
2: an effect of inattention: a result of carelessness: an oversight, mistake, or fault from negligence. * * *

Webster's Third New International Dictionary 1139-1140 (1961).

[36] But see note 31 *supra*.

points to Sun's petition, which specifically asked for a license pursuant to the prior law.[40] On the other hand, the petition did include affidavits to show inadvertence. However, apparently Barr is wrong; it is reasonably clear that the Commissioner issued the license under the new, not the old, law. Statements on the face of the license itself indicate that it was issued pursuant to 35 U.S.C. § 184.[41] Moreover, the decision issued by the Commissioner in response to Barr's petition for clarification confirms this view:

> A petition concerning the above identified patent has been filed requesting that an inter partes proceeding be established to review and reconsider a retroactive license granted on this patent on October 26, 1965, and further requests a ruling as to the applicable statute relied upon in the granting of the aforementioned license.
>
> Assuming without deciding that the Patent Office may revoke the grant of a license such as is here involved, it is clear that the patent statutes do not provide for an opposition proceeding to the grant of a license or as in this situation to consider whether such license should be revoked.
>
> The granting or denial of retroactive licenses is a matter which is discretionary with the Commissioner. The authority for granting such licenses was established under section 6 of the Boykin act Public Law 690, 79th Congress, 2nd session and such authority has been extended by Statute 35 U.S.C. 184. Thus, the power to grant a retroactive license has been continuously with the Commissioner of Patents for a period which covers the interim from the date of initially filing in Canada to the date the retroactive license herein was granted.

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[40] See Mem. Opp. Ex. A, pp. 1, 10-11. See also Reply Mem. Opp., p. 3.

[41] See Mem. Opp., Ex. B.

There is nothing in the statute 35 U.S.C. 184 which limits the retroactive grant of a license to acts done within a fixed time period.

The petition of October 26, 1965, was considered sufficient in this instance to grant the license prayed for under the existing statute.

The licensing record of this application is deemed to be complete in itself and requires no further explanation of the reasoning leading to the granting of such license.

The petition is denied. (Emphasis added.) [42]

The emphasized language makes clear that a showing of inadvertence called for "under the existing statute" was required and was found sufficient. Accordingly, it is not necessary to consider Sun's involved argument that its right to a retroactive license without showing inadvertence under the old law (section 6 of the Boykin Act) has been preserved. Nor is it necessary to deal with Barr's equally complex rejoinder. Of course, the fact that Sun believed that it was entitled to a license under the old law and accordingly sought it on that basis would not prevent Commissioner from issuing the license under the new law.

|5| Finally, Barr argues that Sun's showing of inadvertence before the Commissioner was insufficient as a matter of law and that, therefore, even assuming the Commissioner used the section 184 inadvertence standard, he applied it improperly in issuing the retroactive license. I conclude that Sun made a sufficient enough showing as a matter of law.[43] Sun did not simply make

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[42] *Re: Application of Robert P. Molitor*, Serial No. 170,515, Patent No. 2,629,134, Comm'r of Patents, Feb. 2, 1966 (1st Ass't Comm'r E. L. Reynolds).

[43] No ruling is intended on whether the Commissioner's decision, since supported by substantial evidence, is final and precludes Barr from raising at trial the issue of inadvertence.

"an averment of inadvertence, accident or mistake in the language of the statute, without any specification of supporting circumstances." [44] From the papers Sun submitted, the Commissioner could have made several factual findings supporting his ultimate finding of inadvertence. For example, a member of Sun's present law firm, the successor to the firm which filed the original patent application, after making a thorough investigation of the records extant swore that he found no suggestion of anything other than a non-willful mistake in filing prematurely in Canada.[45] The file and docket clerk of that firm, who had actually requested corresponding attorneys to file the Molitor application in Canada in 1950, swore that in her recollection the premature Canadian application was due either to her unawareness of the prohibition against such an application or to some other oversight on her part.[46] In addition, two other patent applications—not involved in this litigation—were filed prematurely in Canada at about the same time by correspondent counsel at the direction of the law firm. This suggests either that there was a grand design accounting for all three unauthorized applications, or, as Sun would have the Commissioner believe, that all three premature filings were accidental. The latter inference is buttressed not only by the sworn statements already referred to, but also by the further objective evidence that none of the three applications was filed before at least forty-four days had elapsed subsequent to the United States filing.[47] In other words, no more

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[44] See *General Radio Co. v. Allen B. DuMont Labs., Inc.*, 129 F.2d 608, 611 (3d Cir.), cert. denied, 317 U.S. 654, 63 S. Ct. 50, 87 L. Ed. 526 (1942).

[45] Mem. Opp., Ex. A. pp. 7-8.

[46] Id., Ex. A. Affidavit of Velma Gillingham, sworn to Oct. 22, 1965, at para. 8.

[47] Id., Ex. A, p. 8.

than sixteen days after each application was filed in Canada, its submission there would have been properly licensed. It seems more probable that all filings were inadvertent than that they were deliberate violations made after over six weeks had elapsed and only two weeks remained.

[6] In reaching this determination, I have given weight to several considerations. First, it is ordinarily difficult to prove affirmatively inadvertence of this kind. In the nature of things such a conclusion would normally have to rest on proof of a diligent honest search for evidence of willfulness and the failure to find any such indication. Second, as the years go by—and it has been over fifteen years since the filings—evidence becomes harder to find. As Sun has stated, all the lawyers involved directly in making the Canadian applications have died.[18] Finally, the Commissioner is charged in the first instance with determining whether to issue a retroactive license. He has discretion within certain limits to set the legal standard for an adequate showing of inadvertence. In this connection, it must be remembered that the statutory provisions relied on by Barr were enacted primarily to safeguard national security. The sanction of patent invalidity was imposed by Congress to deter applicants from disclosing potentially classified information to other countries. The only apparent purpose in giving private litigants standing to contest the validity of a patent under section 185 is to add, through this unusual *jus tertii*, a private deterrent to the disclosure of government secrets abroad. Thus, in prosecuting its invalidity claim on this ground, Barr is acting as a private attorney general for the government; Barr has in no way been injured by Sun's failure to

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[18] Id., Ex. A, pp. 6, 9.

file properly in Canada, though it can stand to gain thereby. For this reason I conclude that, more so perhaps than in other areas of his jurisdiction, the Commissioner, as the agent of the true party at interest here—the government—should have considerable discretion in defining the legal standard of inadvertence under section 184.[49] Finally, the Commissioner is the initial trier of fact. I hold that his finding of inadvertence was based on sufficient evidence.[50]

|7| I have considered Barr's other arguments, and they are not persuasive. Accordingly, Barr's motion for summary judgment is denied. In pre-trial conference with the court, and in one of its papers,[51] Barr requested the court to certify an appeal under 28 U.S.C. § 1292(b) from an adverse decision on the motion. I have carefully considered that section and am not of the opinion that all of the requirements for certification are met.

So ordered.

DOCKET ENTRY.

Sept. 28-65—Filed memo endorsed on motion filed 8-10-65 for production—Motion denied.—The denial of that portion of the motion seeking production of a letter of H. Meyer is without prejudice to pltff's right to obtain this document pursuant to a subpoena duces tecum.—So Ordered—Feinberg, J. (mailed notices.)

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[49] See *SEC v. Chenery Corp.*, 332 U.S. 194, 209, 67 S. Ct. 1575, 1760, 91 L. Ed. 1995 (1947); *NLRB v. Hearst Publications, Inc.*, 322 U.S. 111, 130-131, 64 S. Ct. 851, 88 L. Ed. 1170 (1944).

[50] See *Esso Standard Oil Co. v. Sun Oil Co.*, 97 U.S. App. D.C. 154, 229 F.2d 37, 39-40, cert. denied, 351 U.S. 973, 76 S. Ct. 1027, 100 L. Ed. 1491 (1956). See also *NLRB v. Hearst Publications, Inc., supra*, note 49.

[51] Barr's Application for Advancement of Re-set Date on Motion for Summary Judgment of Invalidity and Vacation of Trial and Pre-trial Dates Pending Resetting After Decision on Motion, p. 7.

MEMORANDUM OPINION OF FEINBERG, D. J., DENYING PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT AND JOINDER OF PARTIES DEFENDANT AND GRANTING MOTION TO TAKE FURTHER DEPOSITIONS.

(August 11, 1965. R. pp. 7017-7022)

FEINBERG, *D. J.*

Plaintiff The Barr Rubber Products Company ("Barr") moves (1) for summary judgment, (2) to add two parties defendant, (3) to take further depositions, and for related relief. Barr is suing The Sun Rubber Company ("Sun") for a declaratory judgment that United States Patent No. 2,629,134, issued to Sun in 1953, is invalid or, if valid, is not infringed by Barr. The complaint also alleges unfair competition and antitrust violations by Sun for which Barr seeks damages. According to the complaint, the patent in suit ("the Molitor patent") "relates to a process of producing hollow articles of a rubbery plastic, namely, plasticized vinyl resin, by the rotational casting of a liquid mixture of the unplasticized resin powder and a liquid, non-volatile plasticizer therefor, said mixture being commonly known as a vinyl plastisol." Complaint, para. 4. The Molitor patent is used in the production of balls, dolls, toys and other types of hollow flexible articles.

The motion for summary judgment seeks a declaration that even if the Molitor patent is valid and was infringed, it is unenforceable because of patent misuse by Sun. Barr relies on such cases as *Morton Salt Co. v. G. S. Suppiger Co.*, 314 U.S. 488 (1942) and *B. B. Chemical Co. v. Ellis*, 314 U.S. 495 (1942). However, the papers make clear that putting aside all other legal contentions urged by Sun, there are genuine issues as to material facts remaining unresolved. *E.g.*, assuming that there was misuse of the Molitor patent, has this conduct stopped and

have its consequences been dissipated? Therefore, the motion for summary judgment is denied.

The motion to join parties is made under Rule 20 of the Federal Rules of Civil Procedure and seeks to join McNeil Corporation and B. F. Goodrich Company. The motion for additional discovery lists nineteen proposed deponents. The motions are made some four and one-half years after commencement of the action in November 1960 and after over 6,000 pages of deposition testimony have been taken. On August 3, 1964, Chief Judge Ryan directed that all pre-trial discovery be completed prior to August 17, 1964, and, on December 4, 1964, struck Barr's objections to a note of issue filed by Sun. At that time, Barr apparently did not raise the issue of joining additional defendants. On December 4, 1964, the action was assigned by the Chief Judge to me as a Rule 2 case. Since that time, there have been a series of pre-trial conferences, and substantial additional discovery has been allowed because, under the circumstances as they were presented to me, it seemed appropriate to modify the August 3, 1964 order. The parties were advised shortly after the case was assigned to me that a trial would probably be held this fall and, more recently, a tentative trial date in December was set.

Judging from what has transpired to date in this bitterly contested litigation, I have no doubt at all that adding two parties defendant now would delay the trial for years. Moreover, at this late date the request is unjustified. Therefore, in the exercise of my discretion, that motion will be denied. Similarly, the request for additional discovery of the magnitude sought is quite capable, unless carefully controlled, to result in unwarranted delay of the trial. While a substantial portion of the delay in bringing this case to trial was attributable to

Sun's contesting venue after the complaint was filed, nevertheless, over a year has gone by since the note of issue was filed. On the other hand, some of the requests for depositions are based on information only recently acquired by Barr. However, the trial now scheduled for December should not be further delayed. Accordingly, therefore, in the exercise of the court's discretion, Barr will be allowed to take additional depositions provided that they are completed within sixty days from the date hereof. Knowing of this condition, Barr is to make the determination as to which of the suggested nineteen deponents are to be eliminated, and local, as well as trial counsel, should be used, if necessary, to conduct simultaneous depositions. All depositions are to be taken in a United States courthouse where practical, unless otherwise agreed to by the parties, and shall be governed by the conditions set forth in paragraphs four and five of my memorandum opinion dated June 24, 1965, except that refusals to answer in a deposition taken in another city shall, as soon as practical, be taken before the appropriate United States district judge for a ruling instead of to me.

Accordingly, the motions for summary judgment and joinder of parties defendant will be denied; the motion to take further depositions and for related relief will be granted on the conditions stated herein. The already scheduled pre-trial conference of September 20, 1965 will be postponed until October 11, 1965, at the same time and place, when the sixty-day period for completion of discovery will have expired. Prior to that date, counsel (both trial and local) are directed to confer to work out a pre-trial order dealing, *inter alia*, with the matter covered in the respective drafts previously prepared by them. The conference on October 11, 1965 is to be attended by trial and local counsel.

So ordered.

MEMORANDUM DENYING MOTION TO QUASH.

(Entered Nov. 15, 1961.)

(R. pp. 5528-5531)

MACMAHON, *District Judge.*

In accordance with the remand of the Court of Appeals dated August 31, 1961, this Court has considered all the depositions and exhibits filed by the plaintiff in this action. As a result, the court has concluded that The Sun Rubber Company is doing business in the district and is, therefore, amenable to process here.

It now appears that Lawrence R. Schmidt Co., Inc. holds itself out as the Eastern Division of Sun Rubber with the knowledge and acquiescence of Sun Rubber. Sun Rubber's telephone calls received at an office previously occupied by Sun Rubber but now subleased to the Novelty Wreath Company, are transferred to Schmidt's offices in accordance with directions from Sun Rubber's officers. Schmidt does not buy from Sun Rubber and resell to customers. Rather it solicits orders for Sun Rubber which are then delivered directly to the customer. Schmidt furnishes Sun Rubber with credit information on potential customers and conducts market analyses. Customers interested in Sun Rubber's products have been referred to Schmidt's offices to make purchases. Schmidt displays Sun Rubber's products in its offices and distributes Sun Rubber's literature to customers. Officers of Schmidt have attended sales meetings at Sun Rubber's home office in Ohio and have regularly received bulletins addressed to "All Sun Rubber Salesmen" and "All Sun Rubber Representatives." In addition, Sun Rubber does a substantial business in New York through Schmidt. In 1960 Sun Rubber's sales totalled $466,056.66. About 25% of the total sales—$120,088.12—were made in New York City.

and more than half of that—$87,193.70—resulted from Schmidt's solicitation.

These facts show that Sun Rubber is doing business in New York. *Nugey v. Paul-Lewis Laboratories*, 132 F. Supp. 448 (S.D.N.Y. 1955); *Satterfield v. Lehigh Valley R. Co.*, 128 F. Supp. 669 (S.D.N.Y. 1955). *Cf. Jaftex Corporation v. Randolph Mills, Inc.*, 282 F.2d 508 (2 Cir. 1960).

Accordingly, the order quashing service of the summons and complaint and dismissing the action against The Sun Rubber Company, which became effective thirty days after the memorandum decision dated January 30, 1961, is hereby vacated. Rule 60(b)(6), Federal Rules of Civil Procedure. Defendant Sun Rubber's motion to quash service and dismiss the action is denied.

So ordered.

EXCERPTS OF OPINION, NATIONAL LATEX PRODUCTS CO. v. SUN RUBBER COMPANY (CA6, 1959), 274 Fed. Rep. 2d 224 (pp. 228-229; 231-232; 232-233; 234-236; 245-246).

Before ALLEN and MCALLISTER, Circuit Judges, and MATHES, District Judge.

ALLEN, *Circuit Judge.*

This is an appeal from a judgment of the District Court holding Molitor Patent No. 2,629,134 "Method of Manufacturing Articles from Vinyl Resins" and Martin and Rekettye Patent No. 2,629,131 for "Apparatus for the Manufacture of Hollow Cast Articles," valid and infringed.

All four claims of the Molitor patent are in suit. The patent is for a process of making hollow articles from vinyl plastisols. The Martin patent is for a machine designed automatically to carry out the Molitor process. Appellee, The Sun Rubber Company, of Barberton, Ohio, hereinafter called Sun Rubber, owns both patents. Appellant, National Latex Products Company, of Ashland, Ohio, hereinafter called National, practices the process described in Molitor. Sun Rubber and National compete in manufacture of the articles produced by the Molitor process, such as balls and toys. Co-appellant, The Akron Presform Mold Company, hereinafter called Presform, was joined as alleged co-infringer. Individual officers of National and Presform were joined below as co-defendants. As to them the complaint was dismissed and no appeal was taken.

Molitor Patent No. 2,629,134.

This patent was issued February 24, 1953, on an application filed June 27, 1950.

The process is called rotational casting and may be briefly described as follows: A hollow sectional mold is charged with a measured amount of fluid plastisol mixed with vinyl resin and then closed. The mold is rotated in a

compound manner about two axes and at the same time is heated. The mixture is forced against the interior surface of the mold and as the temperature of the material rises the mixture gels and a film is uniformly distributed on the interior surface of the mold. Heating is continued until the mixture reaches the fusion temperature, usually around 350 F. At this temperature the liquid plasticizer is fused with the divided particles of the vinyl resin. The mold is then cooled and the cooling process gives the mixture tensile strength. The mold is opened and the finished article is removed.

Many advantages are asserted for the method. Since a precise quantity of material less than the volume of the mold is measured into the mold, accurate control of the weight of the product is secured. The time of maufacture, formerly consuming a day or more, is reduced to a fraction of an hour. Shrinkage of the article produced is greatly lowered. Distortion or tearing is largely eliminated; scrap is minimized.

* * * * *

As shown by the testimony, the manufacture of small hollow objects and toys out of rubber, natural or synthetic, during the period involved here in large degree employed a process called slush molding. This was the process used by Sun Rubber at the time of Molitor's conception of his method.

Slush molding is used in molding or casting objects made of an aqueous dispersion of rubber, natural or synthetic. In the process the object is made by pouring the material to be cast into a mold having an aperture and agitating or revolving it so that a shell of material solidifies on the inner surface of the mold. The excess material is poured out through the aperture of the mold. The process is sometimes called the in-and-out method. In slush mold-

ing there is no rotation of the mold but the material is gelled and fused by heat, extracted from the mold and subjected to an extensive curing process before it is ready for the market.

The process used by Molded Latex was the Kaysam process, based on the disclosure of the Kay patent No. 1,998,897. The mold used by Molded Latex had an aperture through which excess material was poured out in the initial stage. In contrast to slush molding the Kaysam process employed rotational casting with the mold rotated in two planes. Both the Kaysam process and slush molding used latex, a synthetic rubber, which contained 30% of water. After the desired thickness had been obtained the liquid content of the latex was still present in the rubber film and had to be removed before the object was in finished form. This resulted in a great degree of shrinkage. Sun Rubber under slush molding had a shrinkage of 20% linearly and 40% horizontally. In the Molded Latex operation the shrinkage was almost 40% by volume. If the article in its final form shrinks from a ten-inch cast dimension to approximately eight inches in the same direction this lowers the salability of the article. Also, the article was soft and apt to be torn in removal from the mold.

* * * * *

It was against this background of dissatisfaction of Molded Latex and Sun Rubber with the Kaysam process and slush molding that Molitor began his work. As admitted by National:

> "In the Spring of 1948, he [Molitor] heated a mold in an oven to about 250 F. (i.e. about 100 below the fusion temperature of vinyl plastisol), put plastisol in the mold and rotated it by hand. He found that the plastisol had deposited in a gelled layer. He heated subsequent samples to the fusion temperature

and cooled them. Thereafter he mounted the mold on a mechanically driven shaft but was not satisfied with the distribution of the plastisol in the mold. He then asked Mr. Rekettye to arrange the mechanism so that the mold would rotate in two planes. With that arrangement, he achieved a satisfactory distribution of the plastisol; after the rotation, he put the mold in the oven for fusion, then cooled it and removed the product."

Molitor's work was interrupted by a strike which closed Sun Rubber's plant on May 8, 1948, and ended early in September, 1948. After that time Molitor worked actively with his superiors in Sun Rubber to reduce his conception to practice. Molitor's activities with reference to development of his idea are set forth in written reports which are in evidence, dating from April, 1948. In the report of April 20 Molitor reported that satisfactory toys were produced by curing 40 to 50 minutes under infrared lamps. At the side of this report his superior, Lile, noted, "better than O.K." A progress report upon vinyl resin was dated October 4, 1948. As reflected in Molitor's progress reports of October 5 and December 6, 1948, on Molitor's orders a number of Mickey Mouse toys were made by a method which employed rotational casting.

At the end of the strike Molitor was authorized to continue work on this project. Molitor's superiors ordered the company's development engineer to modify the inadequate motor which Molitor first used so as to rotate the mold in two planes and secure satisfactory distribution of the mixture. He conferred with the engineering department as to building an automatic machine which would carry out his method. The engineers revised the machine early in February, 1949, and the company gave an order for the building of the No. 1 machine. Another order raising the estimate of the cost was given on

March 9, 1949, and after trial runs making Mickey Mouse toys by molds ordered in July, 1949, using rotational casting, the machine went into commercial production during the period ending April 23, 1950. Since a process is reduced to practice when successfully performed (Corona Cord Tire Company v. Dovan Chemical Corporation, 276 U.S. 358, 383, 48 S. Ct. 380, 72 L. Ed. 610) this record shows that the Molitor process was reduced to practice long before 1950.

In contrast to Molitor's conception of the process in the Spring of 1948, conceded by National, and the positive testimony, much of it written, as to reduction to practice during 1949 above set forth, there is no definite evidence that Molded Latex proceeded with the research until late in 1948. Moreover, Molded Latex's work on the vinyl resins in 1948 and 1949 was experimental and not successful. Cf. Deering v. Winona Harvester Works, 155 U.S. 286, 302, 15 S. Ct. 118, 39 L. Ed. 153.

* * * * *

Delacoste Italian Patent No. 440,295.

In the District Court this Italian patent, which had not been presented to the Patent Examiner, was stressed as constituting the closest anticipation of Molitor. That contention is reiterated here. A motion filed by National to have the Molitor patent declared invalid because of Delacoste was denied by Judge Weick (D.C., 148 F. Supp. 469), upon the ground that the patent did not clearly disclose the essential steps of fusion and cooling as shown in Molitor.

After a lengthy trial in which the District Court viewed motion pictures of the operation of the Molitor process and considerable expert testimony was given, the District Court made a detailed statement of his findings

and conclusions as to Delacoste and held that it did not anticipate Molitor. The court noted that there had been no history of any practice of this patent and that an application made to the United States Patent Office by Delacoste for a patent based upon the Italian form had been rejected and subsequently abandoned.

A second and amplified form of Delacoste, amended so that in certain respects it is strikingly similar to Molitor, clarified the Italian patent and added essential details of the process, including that of fusion. This application was presented to the United States Patent Office January 20, 1951 and allowed January 6, 1953.

The District Court found that the Italian patent did not clearly disclose the essential and non-obvious step of the temperature change necessary to accomplish the transition of the material from gel to fusion. As the District Court pointed out, the molds were to be heated so as to transform the enclosed material to a "gel". Thereafter the mold was to be opened and the hollow object removed. As the court correctly found, no details as to how to practice the process or the mechanical steps required to accomplish the manufacture of the completed hollow object were given.

In its opinion which the trial court ordered to be considered as embodying findings of fact and conclusions of law in compliance with Rule 52 of the Federal Rules of Civil Procedure, 28 U.S.C., the court found in substance that considerable experimentation and a search for disclosures in the wide field of heat treating, time exposure, and range of temperatures and a clear definition of the type and composition of material necessary to make the character of article intended would be required to accord to Delacoste the status of an anticipation of Molitor.

The court declared that "Delacoste did not make ob-

vious the complete essential details of his process" and that the Delacoste Italian patent "does not have the required clarity and disclosure which would be so obvious to one skilled in the art as to enable him to practice the Delacoste method or process without experimentation". Hence, the court held that Delacoste does not anticipate Molitor. It stated, "There is no doubt as to the evidence of experimentation, research and development by others in the field of vinyl resins such as plastisols and other plastics by those who have engaged in rubber and latex manufacture; this was developed in the evidence as to slush molding and the Kaysam method, but no one theretofore had disclosed the unique and original combination which, with some novel elements and also some old or known elements, produced a successful process for making thin walled hollow plastic articles, such as have been exhibited here."

The terms of the Italian patent support the finding of the trial court. Claim 1 reads as follows:

> "1. The process of manufacturing hollow objects substantially closed and without seams, by a deposit of a fluid or meltable and hardening substance on the inside surface of a closed, rotatory mold, consisting in depositing in the mold the desired amount of natural or synthetic resin, to obtain on the mold a layer of convenient thickness, to which is added if required a hardening agent, by causing the mold to rotate gently in every (any) direction in order to obtain a uniform layer of resin on the entire inside surface of the mold, by heating to transform the layer of resin into gel, thereafter opening the mold and withdrawing the hollow object thus produced."

No other claim of Delacoste supplied information as to the necessity of fusion and as to the temperature required. The specification also fails to disclose this all-

essential feature. It says, speaking of the material inserted in the mold,

> "Thereafter it is heated, letting the mold oscillate gently so that the resin deposits itself uniformly on the entire surface; and the operation is prolonged until the gel has solidified (become firm) * * *
>
> * * * * * *
>
> "The heating of the mold can be brought about by projection of steam, by immersion in a hot (warm) liquid, electrically, electro-magnetically, or by any other means."

The suggestion as to the method of heating apparently relates to the gelling step. Also, no temperature is indicated. "Certainly," testifies one expert, Delacoste teaches "nothing but steam at atmospheric pressure, and that would not be over, perhaps undoubtedly considerably under, 212 degrees." In other words, Delacoste teaches gelling and not fusion. National's expert, Beal, conceded that you cannot leave fusion out and get the finished product. This record supports Beal's statement.

* * * * * *

McALLISTER, Circuit Judge (dissenting). Judge Allen, in her usual able fashion, with the searching and illuminating mind of a great patent judge, has so fully stated the facts and presented the issues in this complex case, that a dissent to the conclusions expressed by her requires no additional, or counter statement of the controversy.

The difference in our views is to be found in the well-tilled field of an area of patent law that is teeming with hundreds of adjudications embodying conflicting opinions: of when a patent is invalid for want of invention; and of when a patent is invalid because it is for a mere conjunction of old parts, which, in aggregation, perform or pro-

duce no new or different function or operation than that theretofore performed or produced by them.

It seems to me that the Molitor patent is invalid for want of invention. Admittedly, the elements of his combination were old: the use of vinyl resin and plastisol; deaeration of the plastisol prior to molding; rotational casting; use of a non-porous mold. It is argued by appellee that no prior use involved depositing a measured charge of a liquid mixture of vinyl resin and plastisol in a closed hollow mold with a charge less in volume than the volume of the mold; that the combination of rotating the mold in a multiplicity of planes and simultaneously heating the material to gell it against the inner surface of the mold, while the mold was rotating, was new; and that the step of cooling the temperature of the material in a closed mold below the fusion point after the material had been gelled on the inner surface of the mold, and fused, was new.

To me, it appears most significant that Molitor's success was contemporaneous with his use of the new Goodrich polyvinyl material, "Geon Paste Resin 100X210." This was the substance that, when heated between 325 and 350 F., resulted in the fusion of the resin and plasticizer. This differed from the prior "slush molding," since there was no waste liquid remaining. According to the Bulletin of the Goodrich Company: "The plasticizer serves as a vehicle to carry the resin particles, and remains as a separate liquid or external lubricant. Upon heating, plasticization takes place, with the liquid plasticizer being absorbed by the resin. This 'fusion' forms a tough, homogeneous and flexible mass." Obviously, then, the charge in each mold, of the Goodrich material, would be less than the volume of the mold, unless it were sought to make a solid article, rather than a hollow one—while, with "slush molding," more of the plastic substance would

be poured in each mold—in fact, each mold would be filled—since there would be a liquid residue remaining after the plastic substance had gelled against the inner surface of the mold. Yet the method of "slush molding" was akin to the molding practiced by Molitor, with the Goodrich resin.

Molitor, himself, testified that, in the fall of 1947, he was working on "slush" castings, when he first received from the Goodrich Company, the new polyvinyl material, "Geon Paste Resin 100X210." Molitor testified: "I was particularly satisfied with the 100X210, and I stayed with that." The conclusion seems clear that he thereupon gave up slush molding, and "stayed with" the Goodrich material that fused, instead of leaving a liquid residue.

It would seem that the Delacoste patent process taught what Molitor professes to teach—certainly, at least, with the use of the Goodrich material, "Geon Paste Resin 100X210." The District Court said that one step missing in Delacoste, and essential to produce the article, is the recognition of the temperature change to accomplish the transition of the material from gel to fusion; and that without considerable experimentation and a search for disclosures in the wide field of heat treating, time exposure, and range of temperatures, together with the failure clearly to define the types and composition of material required to make the character of article intended, leaves Delacoste without effective force as anticipation. It is also argued that the step of cooling the temperature of the material in a closed mold below the fusion point after the material had been fused, was new.

All of the foregoing seems to overlook the fact that the Goodrich Bulletin of September 2, 1947, stated that to accomplish the fusing of the material, "Geon Paste Resin

100X210," it was necessary to heat the mass to temperatures of 325 to 350 F.; and, also, that the instructions furnished by the supplier of the resin, told how to use it to secure the best results of the fused products.

Robert C. Sessions, appellee's expert witness, was asked, on cross-examination, the following question, and gave the answer indicated:

> "Q. How about the instructions the person practicing Delacoste would get from the supplier of the plastisol? I understand it is admitted here by plaintiff plastisol was old. Now, why wouldn't the man skilled in the art use the instruction given by the person providing the plastisol? A. He probably would and could use the instructions provided by the person."

As to the failure to define the types and composition of material required to make the character of article intended, counsel for appellee was interrogated by the court, during the trial, as to this question of the composition of the material:

> "The Court: You don't claim any novelty for this mixture?
>
> "Mr. Ely: *I say this, the making of the mix is an important step in the process.*
>
> "The Court: In one of the claims?
>
> "Mr. Ely: *No.* Our claim says *a* mixture of polyvinyl resin and a plasticizer."

The 1947 Bulletins of the Goodrich Company and their instructions as to how to use the "Geon Paste Resin 100X210," together with the old elements used by Molitor, account for Molitor's success but, in my opinion, do not raise his conception to the level of invention. Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 71 S.Ct. 127, 95 L.Ed. 162.

As to the patent of Martin, et al., for the apparatus for the manufacturer of hollow cast articles, it is my view that under the decisions of this court in General Motors Corp. v. Estate Stove Co., 6 Cir., 201 F.2d 645, and General Motors Corp. v. Estate Stove Co., 6 Cir., 203 F.2d 912, following the Supreme Court in the Great Atlantic & Pacific Tea Co. case, supra, it embodies a mere conjunction of old parts which, in aggregation, perform or produce no new or different operation than that theretofore performed or produced by them.

Molitor and Martin combined to accomplish the manufacture of excellent products in a single operation without damaged material or scrap, and reduced the time of operation from a day to fifteen minutes, with immense reduction of labor cost. In the years before the Supreme Court decision in the Great Atlantic & Pacific Tea Co. case, the determination of this court in the instant case would probably be unanimous, to sustain the judgment of the District Court. In the light of that decision, I am of the opinion that the patents are invalid.

RULES OF CIVIL PROCEDURE.

Rule 19.

JOINDER OF PERSONS NEEDED FOR JUST ADJUDICATION.

(a) Persons to be Joined if Feasible. A person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party in the action if (1) in his absence complete relief cannot be accorded among those already parties, or (2) he claims an interest relating to the subject of the action and is so situated that the disposition of the action in his absence may (i) as a practical matter impair or impede his ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of his claimed interest. If he has not been so joined, the court shall order that he be made a party. If he should join as a plaintiff but refuses to do so, he may be made a defendant, or, in a proper case, an involuntary plaintiff. If the joined party objects to venue and his joinder would render the venue of the action improper, he shall be dismissed from the action.

(b) Determination by Court Whenever Joinder not Feasible. If a person as described in subdivision (a) (1)-(2) hereof cannot be made a party, the court shall determine whether in equity and good conscience the action should proceed among the parties before it, or should be dismissed, the absent person being thus regarded as indispensable. The factors to be considered by the court include: first, to what extent a judgment rendered in the person's absence might be prejudicial to him or those already parties; second, the extent to which, by protective

provisions in the judgment, by the shaping of relief, or other measures, the prejudice can be lessened or avoided; third, whether a judgment rendered in the person's absence will be adequate; fourth, whether the plaintiff will have an adequate remedy if the action is dismissed for nonjoinder.

(c) Pleading Reasons for Nonjoinder. A pleading asserting a claim for relief shall state the names, if known to the pleader, of any persons as described in subdivision (a) (1)-(2) hereof who are not joined, and the reasons why they are not joined.

(d) Exception of Class Actions. This rule is subject to the provisions of Rule 23.

As amended Feb. 28, 1966, eff. July 1, 1966.

1966 Amendment

Gave the rule its present wording. Prior thereto the rule provided:

"**(a) Necessary Joinder.** Subject to the provisions of Rule 23 and of subdivision (b) of this rule, persons having a joint interest shall be made parties and be joined on the same side as plaintiffs or defendants. When a person who should join as a plaintiff refuses to do so, he may be made a defendant or, in proper cases, an involuntary plaintiff.

"**(b) Effect of Failure to Join.** When persons who are not indispensable, but who ought to be parties if complete relief is to be accorded between those already parties, have not been made parties and are subject to the jurisdiction of the court as to both service of process and venue and can be made parties without depriving the court of jurisdiction of the parties before it, the court shall order them summoned to appear in the action. The court in its discretion may proceed in the action without making

such persons parties, if its jurisdiction over them as to either service of process or venue can be acquired only by their consent or voluntary appearance or if, though they are subject to its jurisdiction, their joinder would deprive the court of jurisdiction of the parties before it; but the judgment rendered therein does not affect the rights or liabilities of absent persons.

"**(c) Same: Names of Omitted Persons and Reasons for Non-Joinder to be Pleaded.** In any pleading in which relief is asked, the pleader shall set forth the names, if known to him, of persons who ought to be parties if complete relief is to be accorded between those already parties, but who are not joined, and shall state why they are omitted."

Rule 20.

PERMISSIVE JOINDER OF PARTIES.

(a) Permissive Joinder. All persons may join in one action as plaintiffs if they assert any right to relief jointly, severally, or in the alternative in respect of or arising out of the same transaction, occurrence, or series of transactions or occurrences and if any question of law or fact common to all these persons will arise in the action. All persons (and any vessel, cargo or other property subject to admiralty process in rem) may be joined in one action as defendants if there is asserted against them jointly, severally, or in the alternative, any right to relief in respect of or arising out of the same transaction, occurrence, or series of transactions or occurrences and if any question of law or fact common to all defendants will arise in the action. A plaintiff or defendant need not be interested in obtaining or defending against all the relief demanded. Judgment may be given for one or more of the plaintiffs according to their respective rights to relief, and against

one or more defendants according to their respective liabilities.

(b) Separate Trials. The court may make such orders as will prevent a party from being embarrassed, delayed, or put to expense by the inclusion of a party against whom he asserts no claim and who asserts no claim against him, and may order separate trials or make other orders to prevent delay or prejudice. As amended Feb. 28, 1966, eff. July 1, 1966.

1966 Amendment

Substituted in the first sentence of subdivision (a) the words "these persons" in lieu of "of them"; authorized joinder of all persons "(and any vessel, cargo or other property subject to admiralty process in rem)"; and substituted, in the second sentence, the word "defendants" in lieu of "of them."

Rule 21.

MISJOINDER AND NON-JOINDER OF PARTIES.

Misjoinder of parties is not ground for dismissal of an action. Parties may be dropped or added by order of the court on motion of any party or of its own initiative at any stage of the action and on such terms as are just. Any claim against a party may be severed and proceeded with separately.

Rule 52.

FINDINGS BY THE COURT.

(a) Effect. *In all actions tried upon the facts without a jury* or with an advisory jury, *the court shall find the facts specially and state separately its conclusions of law thereon,* and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and

conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. *Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses.* The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b). (emphasis supplied)

PATENT LAWS.

Title 35, United States Code.

* * * * *

§ 102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented by the applicant or his legal representatives or

assigns in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

§ 103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

* * * * *

§ 184. Filing of application in foreign country

Except when authorized by a license obtained from the Commissioner a person shall not file or cause or authorize to be filed in any foreign country prior to six months after filing in the United States an application for patent or for the registration of a utility model, industrial design, or model in respect of an invention made in this country. A license shall not be granted with respect to an invention subject to an order issued by the Commissioner pursuant to section 181 of this title without the concurrence of the head of the departments and the chief officers of the agencies who caused the order to be issued. The license may be granted retroactively where an application has been inadvertently filed abroad and the application does not disclose an invention within the scope of section 181 of this title.

The term "application" when used in this chapter includes applications and any modifications, amendments, or supplements thereto, or divisions thereof.

§ 185. Patent barred for filing without license

Notwithstanding any other provisions of law any person, and his successors, assigns, or legal representatives, shall not receive a United States patent for an invention if that person, or his successors, assigns, or legal representatives shall, without procuring the license prescribed in section 184 of this title, have made, or consented to or assisted another's making, application in a foreign country for a patent or for the registration of a utility model, industrial design, or model in respect of the invention. A United States patent issued to such person, his successors, assigns, or legal representatives shall be invalid.

* * * * *

§ 285. Attorney fees

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

* * * * *

ANTI-TRUST LAWS.

Title 15, United States Code.

§ 1. Trusts, etc., in restraint of trade illegal; exception of resale price agreements; penalty.

Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal * * *. Every person who shall make any contract or engage in any combination or conspiracy declared by sections 1-7 of this title to be illegal shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

§ 2. Monopolizing trade a misdemeanor; penalty.

Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

§ 14. Sale, etc., on agreement not to use goods of competitor.

It shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale or contract for sale of goods, wares, merchandise, machinery, supplies, or other commodities, whether patented or unpatented, for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement, or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodities of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement, or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce.

ADDENDUM.

Parallel and Ancillary Litigation Involving the Molitor Patent.

1. *Barr and Dorn Litigation.* A more precise synopsis of other litigation brought by Sun against Barr and its late president, Randolph J. Dorn, noted by the Court of Appeals at A-4, footnote 3, is as follows:

The Sun Rubber Co. v. The Barr Rubber Products Co. and Randolph J. Dorn, Northern District of Ohio, Western Division (Toledo) CA 8536; filed November 7, 1960. This suit, as shown by the numerous preliminary motions, attempted to pressure Barr's late president personally as well as in his corporate capacity. It was au-

thorized, as shown by the record below, by McNeil directors sitting as Sun directors at a special meeting called in McNeil's offices upon learning that Barr had filed the action below on November 3, 1960. It was eventually suspended by stay of defendant's answer pending the exhaustion of remedies below and, over Sun's objection, dismissed without prejudice on May 7, 1964.

The Sun Rubber Co. v. Randolph J. Dorn, So. District of New York, Civil 62-1016, essentially repeated the charge of Mr. Dorn's personal liability for infringement of the Molitor patent, as alleged in the then still pending Toledo suit. It was served March 7, 1962, not at Barr's New York office, but upon Mr. Dorn in the presence of customers and personnel of Barr at Barr's booth at the annual New York trade fair of the American Toy Industry. It was dismissed forthwith for lack of venue by Chief Judge Ryan on April 12, 1962.

2. *Consent Decree and Dismissals.* The Court of Appeals appears to draw a favorable inference as to the Molitor patent from the consent decree entered in *The Sun Rubber Co. v. Horsman Doll Co.*, noted at A 3, footnote 1, due to the acknowledgment of validity in the consent decree. This decree was pursuant to a license (Trial Ex. N) in which Sun's claim for past damages was effectively waived. However, the Court did not see fit to counterbalance such inference from the *Horsman Doll* case with the consent decree in the following case called to its attention:

The Sun Rubber Co. v. Mattel, Inc., So. District of California, C.A. 63-1037-J.W.C., terminated on July 25, 1968, by mutual dismissal of Sun's complaint for infringement of the Molitor patent and the counterclaim of Mattel (the world's largest manufacturer of toys). This dismissal

was *with prejudice to both parties* and without any acknowledgment of validity. It was entered while the Los Angeles District Court had under advisement Mattel's motion for summary judgment of invalidity of the Molitor patent, based on documentary prior art introduced by Barr in the trial Court below. Barr called this suit and its disposition in the light of comment of the Court during the argument of the motion to the attention of the Court of Appeals in an early stage of the appeal below. Contending that under the circumstances such consent dismissal amounted to a confession that the Molitor patent was statutorily invalid and, thus, rendered moot Sun's appeal from the finding to the same effect by the trial Court below, Barr moved for summary affirmance of the trial Court below on this point. The motion was denied.

Petitioner is informed that a consent dismissal, without acknowledgment of validity, was entered Nov. 2, 1966, in an infringement action brought under the corresponding Canadian Molitor patent in the Exchequer Court of Canada, *The Sun Rubber Co. and Sheller Mfg. Corp. v. Davidson Rubber Company, Incorporated* (Quebec), No. B10-36, filed May 31, 1966.

3. *Pending suits. Sun Corp. v. National Latex Prod. Co.*, No. 30,109, Ashland County (Ohio) Court of Common Pleas, noted by the Court of Appeals at A-10, footnote 10. The pleadings show that this action brought by Sun against National Latex involves far more than a counterclaim for damages and return of royalties paid under the Molitor patent. National seeks return of an unexpired Whittington patent (Trial Ex. 56), claimed to be wholly outside the scope of the Molitor patent; National alleges it was assigned to Sun under duress during the shut-down of National's plant by the injunction obtained in *National Latex*. National claims royalties under a constructive

trust for use thereof by Sun and those licensed under a package license of the Molitor and Whittington patents.

Petitioner does not pretend to be informed of all pending or threatened actions brought by or against Sun and involving the Molitor patent and misuse thereof, but the following were not named by the Court of Appeals among those judicially noted at A-10, footnote 10:

Akron Presform Mold Co. v. Sun Corporation, B. F. Goodrich Co. & McNeil Corp., N.D. Ohio, Civil Actions C-68-488 and 489; anti-trust damages claimed for destruction of business by conspiracy involving the Molitor patent.

Former Stockholders of Barr Rubber Products v. B. F. Goodrich Co., McNeil Corp. & Sun Corp., Northern District of Ohio, C-69-742, 743, Class Actions for damages arising from alleged forced sale of Barr stock due to unlawful harassment of and threats to former stockholders by multiple suits under Molitor patents.

Lancaster Colony Corp. and Barr, Inc. v. McNeil Corp., Northern District of Ohio, C-70-631. Action for anti-trust damage and injunctive relief from alleged monopoly in rotational casting machinery and unlawful condition of sale.

Petitioner is informed that there is still pending a suit in the Exchequer Court of Canada under the corresponding Canadian Molitor patent, *Sun Corp. v. Reliable Toy Co., Limited*, No. B 11-99, filed September 22, 1966. Action rests and issue not joined due to plaintiff's failure to respond to bill of particulars.

PLAINTIFF'S EXHIBIT 1.

Am-86Pa

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.
DEC 2 1968
PLAINTIFF

Feb. 24, 1953 R. P. MOLITOR 2,629,134

METHOD OF MANUFACTURING ARTICLES FROM VINYL RESINS

Filed June 27, 1950

FIG. 1

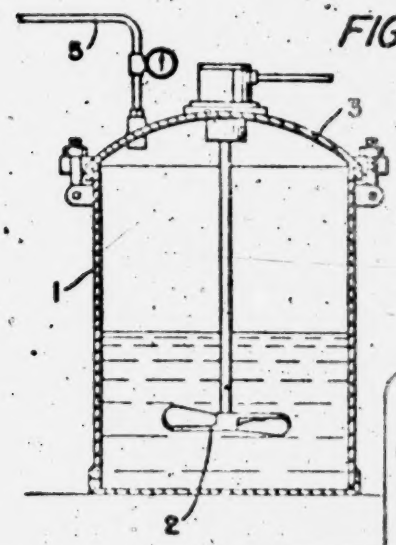


FIG. 2

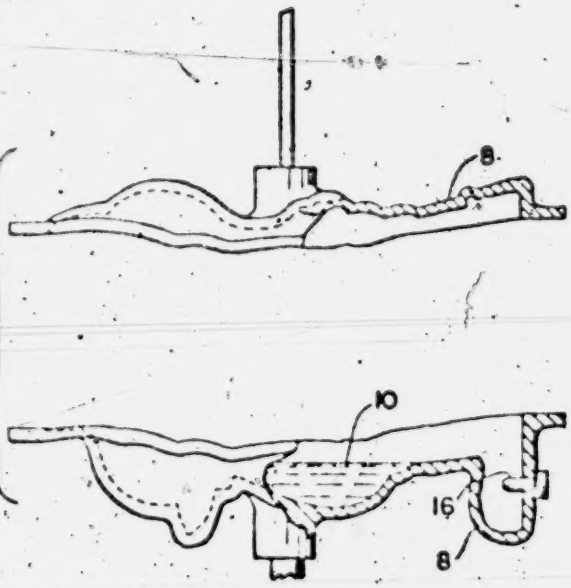
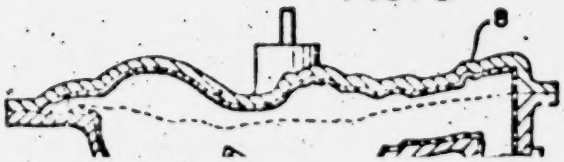


FIG. 4

FIG. 3



Feb. 24, 1953 R. P. MOLITOR 2,629,134

METHOD OF MANUFACTURING ARTICLES FROM VINYL RESINS

Filed June 27, 1950

FIG. 1

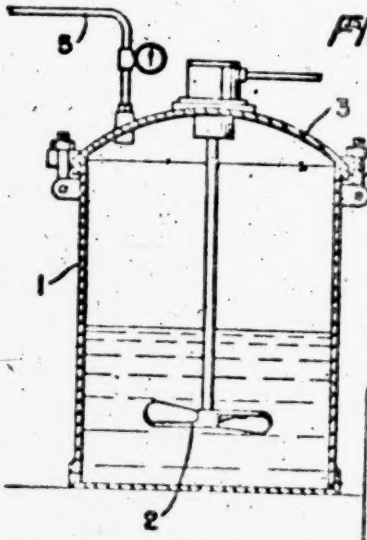


FIG. 2

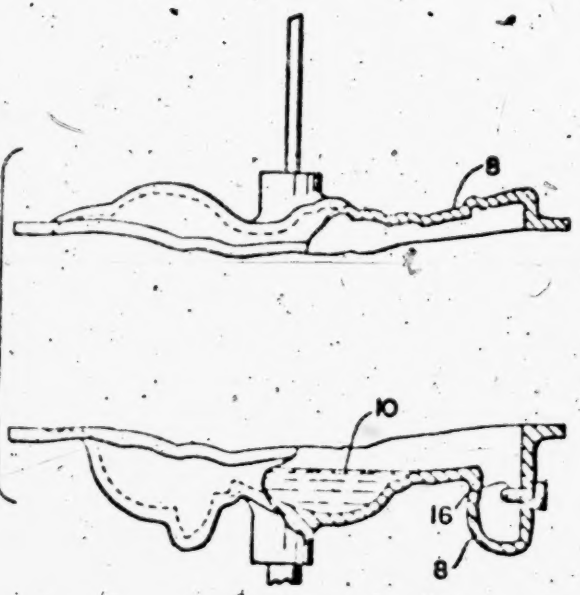
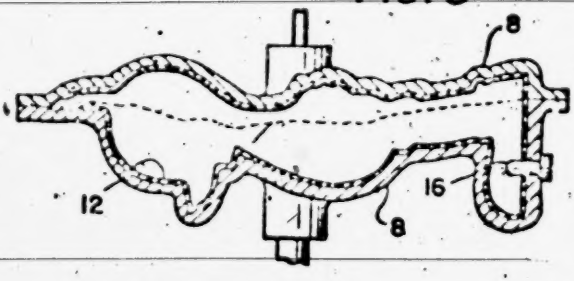


FIG. 4

FIG. 3



INVENTOR.
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BY Ely & Frye
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Patented Feb. 24, 1953

2,629,134

UNITED STATES PATENT OFFICE

2,629,134

METHOD OF MANUFACTURING ARTICLES FROM VINYL RESINS

Robert P. Molitor, Akron, Ohio, assignor to The Sun Rubber Company, Barberton, Ohio, a corporation of Ohio

Application June 27, 1950, Serial No. 170,515

4 Claims. (Cl. 18—58.2)

1

The present invention relates to a new and improved method of manufacturing articles from synthetic resins and particularly from polyvinyl chloride and similar vinyl polymers and copolymers, which are peculiary adaptable for the manufacture of hollow articles such as dolls doll heads, figure toys, and balls, although the invention may be employed for the manufacture of all sorts of articles for which resins of this type are suitable.

Of the numerous artificial resins of the type set forth, vinyl chloride polymer, when compounded with suitable plasticizers and other ingredients, is especially useful in the manufacture of dolls and children's toys because of its appearance and feel to the hand. In many respects it is superior to rubber in this field. The commercial adaptation and use of this and similar materials in these fields has been retarded because the manufacturing processes and technique have not been sufficiently developed so that satisfactory articles may be made in production quantities. Experimental work has shown that material of this nature has great possibilities but, so far as known, the methods have not heretofore been perfected to the extent required for successful commercial use.

It is the major purpose of the present invention to improve upon the process and technique of manufacturing hollow, molded articles of polyvinyl chloride and copolymers, such, for example, as the copolymer of vinyl chloride and vinyl acetate so that these materials may be used in regular manufacture of such articles and the product will be uniform, of the proper texture and elasticity, with a minimum of rejects and seconds.

Accordingly, this application is designed to disclose the details of a preferred process which has proven to be satisfactory for the purposes set forth. While the details of the process are given to a sufficient extent to enable the process to be employed, variations and modifications may be resorted to without sacrificing the benefits of the invention as it is set forth in the appended claims.

In order to illustrate certain of the steps, the attached drawings show steps which are employed in the manufacture of small, hollow dolls, but it will be understood that the method may be employed in the manufacture of other articles by suitable adaptation of the basic principles of the process. In the drawings:

Fig. 1 shows a typical form of apparatus which may be used for the preparation of the polyvinyl chloride or its equivalent.

2

Fig. 2 shows a typical mold which is used in the manufacture of small dolls.

Fig. 3 shows the mold in another stage of the process.

Fig. 4 shows a typical doll such as made by the process.

The basic materials used in the process are a vinyl polymer and suitable plasticizers. The former is available on the market in the form of powders of minute particle size. Plasticizers are well known in the art and a variety of such materials may be employed, depending largely upon the physical properties desired in the final product. It is desirable to use a combination of plasticizers for the various properties and qualities each contributes to the final product. Fillers and pigments may also be employed to give color and body to the finished product. All of the added materials may be varied and the properties thereof are likewise variable within the knowledge of any compounder familiar with the art. It is not intended to restrict the invention to any particular or specific materials or proportions thereof, those recited below being an example of actual successful commercial formulae which have been employed in the manufacture of hollow toys, doll heads, and other useful articles to which polyvinyl chloride resins are especially adaptable.

In the practice of the invention the plasticizing batch is first mixed. Such a plasticizing batch as has been used in the process consists of dioctyl phthalate, which is a standard plasticizer for resins of this type. To this is added a quantity of dioctyl adipate, the purpose of which is to eliminate or reduce any tendency of the batch to increase viscosity. There is also added what is termed an "extender" which increases the volume of the plasticizer batch. For this purpose, there has been employed the material available on the market under the trade name HB-40, which is described by the maker as a partially hydrogenated mixture of isomeric terphenyls. It is necessary and desirable to add a stabilizer to prevent decomposition of the batch and for this purpose barium resin oleate may be employed, although other stabilizers are well known and could be used.

The above materials or equivalents thereof are thoroughly mixed in any suitable vessel, such as that shown at 1 in Fig. 1, equipped with a power driven stirrer 2.

When the ingredients of the plasticizer have been thoroughly mixed, the vinyl polymer powder is added to the batch and then any suitable fillers are added. These fillers are inert and

are merely to give the desired body to the finished product. Such materials as clay and whiting have been employed. With the fillers, any desired pigment is added to color the product if such is desirable. The fillers and pigment are ground to a very fine particle size so that they will disperse uniformly throughout the body of the casting batch.

It is desirable first to agitate the batch in the vessel 1 to throughly wet the dry powders, i. e., the polyvinyl chloride or its equivalent, and the fillers and pigments if any. When the batch has been thoroughly mixed, the cover 3 is clamped tightly on the vessel and the speed of the agitator 2 is increased. At the same time, the interior of the vessel is connected to a source of vacuum, illustrated by the connection 5, which removes the air from the interior of the vessel and from the batch. The vacuum is maintained during the entire heating operation and should be as high as practical. A vacuum from 25 to 27 inches is normally maintained during the process.

The final mixing of the casting batch under vacuum is an important and essential step in the process. Of necessity, a substantial quantity of air is entrapped in the batch when the powders are mixed therewith and it is necessary to remove all of the air therefrom, otherwise the final setting and fusing of the resin will not proceed properly and the goods made will be spongy or porous or exhibit spots and blisters which make the goods unsalable. The time required for finishing the casting batch will vary and, experience with the process will teach the operator the correct duration of the heating and evacuating period, usually not less than one hour of vigorous agitation under as high a vacuum as practical is required to remove the air from the casting batch. When the batch is completed it will be in the form of a homogeneous liquid with the resin, plasticizer, fillers and pigments uniformly dispersed throughout the batch and with substantially all of the air bubbles removed. Care should be taken during the batching and evacuation operations to avoid overheating the batch to obtain the desired results.

The viscosity of the final casting batch will depend upon the proportion of the plasticizer to the vinyl resin. The initial viscosity of the casting batch is determined by the softness, firmness and elasticity desired in the finished product. Depending upon the physical properties of the finished product, the proportion of plasticizer to vinyl resin may vary from 20% to 150%. By adopting such proportions of the vinyl resin and plasticizer the initial viscosity may be 5,000 centipoises and upwards.

Without in any sense limiting the invention to the proportions set forth, the following is a detailed description of one adaptation of the invention which gives a suitable formula and procedure used for the manufacture of hollow toys of polyvinyl chloride such as illustrated in Fig. 4 of the drawings.

The plasticizer batch is composed of—

	Lbs.	Oz.
Dioctyl phthalate	5	6
Dioctyl adipate	3	10
RB-40	2	6
Barium resin oleate		10
	12	

After the above materials have been thoroughly mixed in the vessel, 2 lbs. and 11 oz. of filler and 14 lbs. of any vinyl polymer powder are added to the liquid plasticizer and the powders thoroughly wetted by the plasticizer. The vessel is then sealed and the batch is vigorously agitated for one hour while a vacuum of 27 inches is maintained in the vessel. The resultant casting batch is a smooth, homogeneous liquid of about the consistency of ordinary cream. It is wholly free of entrapped air bubbles and is ready for the next casting operation. The casting batch may be stored or it may be conducted immediately to the supply point for the casting operation.

While the process from this point may be carried out in individual molds, for commercial production it is desirable to use an automatic machine in which a multiplicity of molds on an endless conveyor are carried through a charging station where a charge of the casting material sufficient to form the outer shell 7 of the toy 6 is injected into the cavity of a mold 8, as shown in Fig. 2, in which the supply of the casting batch is indicated at 10. The mold is then closed, firmly clamped together to prevent loss of the material and is then rotated continuously in various planes so that the material forms a uniform deposit all over the entire inner surface of the mold. The casting material first sets on the inner wall of the mold and then, as the molds continue movement through a heated chamber, it fuses to form the wall of the hollow product. The mold is then cooled, usually by a water spray, the temperature of the product is well below the fusing point and the product removed. It is then heated to the temperature of the casting batch, to vent the body of the hollow product, to vent it after it is removed from the mold. The hollow product will collapse as shown at 14 in Fig. 4.

A suitable apparatus for continuous internal heating is disclosed in the application of Henry [illegible], Serial No. 179,726, filed [illegible], 1950, but while the process is particularly adapted to the use of such apparatus, it will be noted particularly that the amount of the charge which is injected into the mold is sufficient to form a shell of the desired thickness over the inside of the matrix or mold cavity and that there is no core or inner portion of the casting material. In such attempts it has been the practice to load the matrix and permit accretion on the inner wall of the mold, and then to pour out the excess or unfused content of the mold. By the compounding of the material and the injection in the matrix of the exact quantity thereof necessary to form the shell, the step of dumping unmelted or unset casting material is not required, thus not only simplifying the process but also making it adaptable for continuous machine operations.

The heat required first to gel and then to fuse the vinyl resins will vary with the compounding, but it is normally from 300° to 400° F. The time required depends upon a number of factors such as the composition of the casting material and the heat conductivity of the mold. Usually, the mold is subjected to radiant heat and the period which is required to bring the interior of the mold to fusing temperature and the period which is necessary to complete the process will be governed by the requirements in each case. In the example given, the temperature of the interior of

the mold was maintained at approximately 400° F. for two minutes.

It will be noted that during the gelling and fusing period the mold is completely closed, which means that the pressure within the mold necessarily is maintained at a high degree. This internal pressure acting upon the shell of the vinyl resin deposited on the inner wall of the matrix is believed to be an important factor in achieving the quality of the finished product.

After the fusing period is completed the mold is cooled to a point well below the fusing temperature and to a point where the finished article can be removed from the mold without injury, and handled, and yet the reduction of pressure will not cause the article to collapse. This is usually done by subjecting the mold to a water spray, which will reduce the temperature to between 180° and 200° F. After the article is removed from the mold, it is vented as described. This last step might also be done by placing a pin, such as 16, in the mold which would form the aperture in the wall of the articles during the casting.

Any rind which may be occasioned by seepage of a small amount of casting material through the parting line of the mold is trimmed off and the article is completed.

One of the advantages of the process is that by the employment thereof the most intricate matrix patterns will be accurately and faithfully reproduced in the finished article, the casting material filling all of the recesses of the matrix.

While the process has been perfected especially in the field of manufacturing hollow articles, such as children's toys, it has been found that the casting material, formed by the process which has been described, may be used in other casting procedures in which a layer of the casting material is deposited on a form, or other foundation or support, and then fused thereon.

What is claimed is:

1. The process of making hollow articles from a liquid mixture of a vinyl resin and a plasticizer therefor, comprising the steps of depositing a measured charge of the said mixture in a hollow sectional mold, said charge being less in volume than the volume of the mold, said mold having non-porous inner surfaces, closing the mold with the charge therein to retain the charge within the cavity, rotating the mold in a multiplicity of planes to distribute the charge as a layer over the entire inner surface of the mold cavity, heating the layer to gel it against the inner surface of the mold while the mold is rotating, then applying additional heat to the closed mold to raise the temperature thereof sufficiently to fuse the gelled layer against the inner surface of the mold, cooling the mold until the temperature of the layer is below the fusing point of the material, opening the mold and removing the article therefrom.

2. The process of making hollow articles from a deaerated liquid mixture of a vinyl resin and a plasticizer therefor, comprising the steps of depositing a measured charge of said mixture in a hollow sectional mold, the inner surface of which is non-porous, the charge being less in volume than the volume of the mold, closing the mold with the charge therein to retain the entire charge within the cavity, rotating the mold in a multiplicity of planes to distribute the charge as a layer over the entire inner surface of the mold cavity, applying heat to the mold during rotation to gel the layer against the inner surface of the mold cavity, further heating the closed mold to fuse the gelled layer, cooling the mold until the temperature of the layer is below the fusing point of the material, opening the mold and removing the article therefrom.

3. The process of making hollow articles from a deaerated liquid mixture of a vinyl resin and a plasticizer therefor comprising the steps of depositing a measured charge of said mixture in a hollow sectional mold, the inner surface of said mold being non-porous, the charge being less in volume than the volume of the mold, closing the mold and maintaining it in closed condition to prevent the escape of the deaerated mixture and air from the mold cavity, revolving the closed mold in a multiplicity of planes and for a sufficient period to distribute the charge of deaerated mixture as a layer of uniform thickness over the entire inner surface of the mold, heating the mold during its revolution to cause the mixture to gel, applying additional heat to said mold to fuse the gelled layer, then cooling the mold until the temperature of the layer is below the fusing point thereof, opening the mold and removing the article therefrom.

4. The process of making hollow articles from a liquid mixture of a vinyl resin and a plasticizer therefor, comprising the steps of depositing a measured charge of said mixture in a hollow sectional mold, the inner surface of which is non-porous, the charge being less in volume than the volume of the mold, closing the mold and maintaining it in closed condition to prevent the escape of the mixture and air from the mold cavity, heating the closed mold and at the same time revolving it in a plurality of planes and for a sufficient period to cause the mixture to gel as a layer of uniform thickness over the entire inner surface of the mold, applying further heat to said mold to fuse the gelled layer, then cooling the mold until the temperature of the gelled layer is below the fusing point thereof, opening the mold and removing the article therefrom.

ROBERT P. MOLITOR.

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2,345,013	Soday	Mar. 28, 1944
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2,477,273	Tognola	July 26, 1949

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Number	Country	Date
500,298	Great Britain	July 28, 1938

DEFENDANTS' EXHIBIT 00.

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.
JAN 13 1967

Mr. Cartlidge: DEFENDANT'S

April 20, 1948

Progress Report for April 12, 1948 to April 19, 1948.

PASTE RESINS

1. Chrome Plated Molds.

It was thought by using a chrome plated mold that a high gloss and a mold that would resist the corrosive action of the Resin would be obtained. However, there was little or no difference in gloss observed on the parts cured in this mold compared to the standard cast aluminum mold. The corrosive action of the Resin appears to be hampered somewhat by the chrome plating; but is still quite evident.

2. Casting Red Wheel Toys.

Several trucks and cars were made using a bright red and a maroon pigmented resin. Titanox was omitted from the compound to make the toys translucent. The only difficulty experienced in casting these wheel toys was in trapping air at the axle grip when the mold is assembled. This may be eliminated by venting.

3. Infra Red Curing.

Satisfactory toys were produced by curing 40 to 50 minutes under infra red heat lamps. These lights were held 4 inches above the mold and produced a temperature of 450°F.

Difficulty was experienced in opening when the mold was not clamped shut, therefore it is necessary to use some clamping device, such as a "C" clamp.

It is suggested by the writer that a longer conveyor passing through a bank of lights on each side be used to speed up fusion. This would increase the intensity of the heat, increase the surface area of the mold for heating and thereby should reduce the fusion time from 15 to 20 minutes. Mr. Martin is presently investigating this method and will advise when such a unit can be made and when it will be ready for evaluation.

4. Cooling Mold Prior to Unloading.

It has been found that parts may be more easily removed from the mold at 200° F which is the same temperature required when loading. This is a great advantage over cooling down to room temperature as was the previous practice since it reduces the over-all curing cycle considerably.

5. Finishes.

In further work on a suitable finish for Paste Resin toys it was found that as little as 2 to 5% Acryloid Resin in Rubsol will produce the same high

close that a 15% solution will and will also eliminate the tack that was observed in the heavier solution. The cost of the lower solids solution is approximately 40¢ per gallon.

. Loading of Molds.

At Mr. Fenton's suggestion, an evaluation of the method of charging molds, based on the use of gravity, has been started and will be reported at a later date. This method should enable one operator to load several molds at once and will eliminate any spillage.

. Compounding Material.

It is believed that by substituting Solvaloid C2 for some of the current higher priced plasticizers now being used that a marked saving in the final unit cost will be obtained. Solvaloid C2 is approximately 13¢ per pound compared to the plasticizer we are presently using at 20¢ per pound.

To obtain a softer compound more suitable for wheel toys it is believed that a small percentage of the castor oil type plasticizers will give the proper viscosity along with approximately 50 parts (on the resin) of the conventional plasticizer.

Both of these materials have been ordered and should be received shortly.

ATEX FOAM SPONGE.

. Open Steam Curing.

A few football pants pads were made and cured in open steam 15 min. 20 dried two to three hours in an oven at 150°F and were submitted together with a report covering the method used.

. Electronic Curing.

Further changes were made in the Electronic Machine by the Westinghouse representative, Mr. Poole, and samples were run that showed some progress. The writer is setting up for small scale production on the #13 Truss Pad, using a Plaster-Hemp mold and a 5 minute over-all cure and drying cycle.

R. P. Molitor/ij

: Mr. Lilo
Mr. Smith

FILED
JUL 28 1970
E. ROBERT SEAVER, CLERK

In the Supreme Court of the United States

OCTOBER TERM, 1970.

No. 462

THE BARR RUBBER PRODUCTS COMPANY,
Petitioner,

v.

THE SUN RUBBER COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI
To the United States Court of Appeals For the Second Circuit.

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TABLE OF CONTENTS.

Opinions Below 1

Jurisdiction 2

Questions Presented 3

Rules of Procedure and Provisions of the Statutes Involved 5

Statement of Case 5

1. Summary of Proceedings Leading to, and Essence of, Two Principal Opposing Decisions Below 5

   (a) Trial Court decision: finding of fraud and perjury on behalf of patentee 6

   (b) Appellate reversal in part, on perjury; remand 7

2. Further Statement Pursuant to Rule 23; Basis for Anti-Trust Claims and Interlocutory Denial of Summary Judgment Averted to in Appellate Decision 11

   (a) Sun's exploitation of Molitor patent 11

   (b) Pre-trial Motion for Summary Judgment Under 35 U.S.C. 185 13

Reasons for Granting the Writ 15

A. The Appellate Decision Below, Defying F.R.C.P. Rule 52(a), Conflicts With and Would Undermine Decisions of This Court With Respect to (a) the Integrity and Powers of Federal Courts and (b) the Public's Interest in Eliminating Specious Patents 15

   1. Higher degree of proof of perjury and fraud in patent litigation unwarranted 16

2. It would not be reversible error for a trial court to fail to announce the degree of proof upon which it based a finding of fraud and perjury in maintenance of a patent, but it was error for the appellate Court to fail to consider, without remand, the trial Court's finding of invalidity independent of such perjury and fraud 21

3. The trial Court's reference to the reported prior appellate decision of adjudication and Sun's printed briefs submitted therefor was not an "improper" exercise of the Court's powers of investigation to ascertain the accuracy of representations being made to it 23

B. Aspects of the Trial Court's Decision and Pre-Trial Interlocutory Decision, All Affirmed by the Court of Appeals, Require Review Because of (a) An Emasculation of a Statute (35 U.S.C. 185), (b) An Underlying Conflict Developed Between Decisions of This Court 31

4. A patent invalid under 35 U.S.C. 185 may not be validated by retroactive license granted by the Commissioner of Patents, or, if such action is not ultra vires, the doctrine of intervening rights must apply 31

5. If *General Talking Pictures v. Western Electric Co.* allows a licensee and patentee of a process to agree to limit competition in unpatented articles, that decision of this Court is overdue for limitation or overturn 34

Conclusion 35

Appendix ..... Separately Printed

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Rule 19 5

Rule 20 5

Rule 21 5

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In the Supreme Court of the United States

OCTOBER TERM, 1970.

No. _____.

THE BARR RUBBER PRODUCTS COMPANY,
Petitioner,

v.

THE SUN RUBBER COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI To the United States Court of Appeals For the Second Circuit.

The petitioner, The Barr Rubber Products Company (hereafter "Barr") respectfully prays that a writ of certiorari issue to review the judgment and opinion, entered in this proceeding on April 30, 1970, of the United States Court of Appeals for the Second Circuit (hereafter "the Court of Appeals" unless otherwise apparent from context).

OPINIONS BELOW.

The opinion of the Court of Appeals appears in the appendix hereto[1] and is, as of this writing, reported only at 165 U. S. Patents Quarterly 429-438. Also appearing in the appendix are prior opinions and orders dealt with or involved in the Court of Appeals' decision, namely,

[1] Commencing at A1; the judgment follows at A25. The prefix "A" and following number or numbers indicate, here and elsewhere in this petition, the page or pages of the accompanying appendix at which the cited matter appears or commences.

(a) of the United States District Court for the Southern District of New York (the District Court below) on (i) attorney's fees in exceptional patent cases [Jan. 10, 1968], 279 F. Supp. 49 (A26), (ii) rehearing [Nov. 21, 1967] 156 U.S.P.Q. 392 (A32), (iii) issues tried [October 20, 1967] 277 F. Supp. 484 (A37), (iv) denial of summary judgment under 35 U.S.C. §§ 184, 185 [Mar. 9, 1966] 253 F. Supp. 12 (A81), (v) denial of production of document (unreported Sept. 28, 1965 docket entry, A103), (vi) denial, inter alia, of Barr's motion to amend complaint and join anti-trust defendants (unreported August 11, 1965 decision, A104); and (vii) vacation, following remand, of prior order quashing service and dismissing complaint as to respondent Sun for want of venue (unreported Nov. 14, 1961 decision, A107) and

(b) Relevant portions of the prior adjudication of the patent in suit in *National Latex Products Co. v. Sun Rubber Co.* (CA 6, 1959) 274 F.2d 224 (A109).

JURISDICTION.

The judgment of the Court of Appeals for the Second Circuit was entered April 30, 1970 and this petition for certiorari was filed within 90 days of that date. This Court's jurisdiction is vested by 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED.

1. Whether, in non-jury patent infringement litigation, a trial court is restricted, before it may properly find perjury and fraud in the procuring and maintenance of the patent, to a higher quantum of proof than generally obtaining in a civil case for finding perjury and fraud.

2. Whether, in such litigation, it is reversible error, warranting remand for retrial of all issues relating to patentability, for the trial court, after finding the patent invalid under 35 U.S.C. §§ 102 and 103, to fail to announce the standard of proof applied in also finding the patent unenforceable because (a) of perjury and fraud perpetrated before it and (b) some of such fraud had tainted a prior adjudication of the patent so as to render such adjudication weightless.

3. Is it not a proper exercise of investigatorial powers of a Federal Court—in ascertaining (a) whether a prior appellate adjudication of validity of a patent had also been tainted with fraudulent evidence presented by the patentee and (b) the recentness of the patentee's assertion of the scope of his patent claims—to refer (a) to the reported decision and (b) the printed record and briefs on file in the appellate court?

Other questions begged by the Court of Appeals affirmation, in part, of decisions and orders of the District Court are:

4. Is the Commissioner of Patents authorized to grant, in the face of 35 U.S.C. § 185, a retroactive license to file a corresponding foreign patent application after the U. S. patent has issued, and, if so, (a) may he grant it upon the *ex parte* application of the patentee after the validity of the patent has been challenged under said section by an accused infringer and (b) does such defective patent, re-

validated after issue, escape the doctrine of intervening rights?

5. Is it not in violation of the anti-trust laws for a patentee of a widely non-exclusively licensed process to agree with one favored licensee that such licensee will have the exclusive right to make a type of unpatented products by such process, thereby eliminating competition in such products both between such favored licensee, the licensor, and other licensees and among such other licensees?

If this petition is granted, the related questions begged by the appellate decision to be reviewed are footnoted below.[*]

---

[*] 6. May a supplier of unpatented materials to a patentee lawfully grant a rebate on such materials by terming the rebate a "royalty" under a patent license to the supplier who was a prior user and knew of other invalidating prior art?

7. Is it not a violation of the anti-trust laws for the patentee of a process to condition a license to practice the process upon the purchase of machinery (unpatented or separately patented) for practicing it from the patentee or machinery manufacturers designated by such patentee?

8. Does not perjury in a representation made to the Patent Office to obtain a patent and deliberate perjuries and fraud before the Court in an attempt by the patentee to enforce the patent against a direct competitor constitute *per se* violation of the anti-trust laws?

9. Is merely prospective trial (in four months or so) sufficient ground for refusing amendment of the complaint to name and join unnamed but otherwise previously identified prospective co-defendants when an anti-trust plaintiff discovers evidence that supports allegations accusing one of anti-trust law violations and suppression of evidence that invalidates the patent in suit and that another was subject to the venue of the court (despite prior deposition testimony to the contrary) and promptly moves for joinder?

10. Is either mere prospective imminence of trial or prejudging that an anti-trust claim is insubstantial sufficient ground for refusing pre-trial production of a document calculated to be or lead to admissible evidence relative to the claim?

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RULES OF PROCEDURE AND PROVISIONS OF THE STATUTES INVOLVED.

The appendix hereto reproduces Federal Rules of Civil Procedure 19, 20, 21, and 52(a) [A120-124] and the pertinent provisions of the United States patent laws, namely, 35 U.S.C. §§ 102, 103, 184, 185, and 285 [A124-128] and anti-trust laws, namely, 15 U.S.C. §§ 1, 2, and 14 [A128-129].

STATEMENT OF CASE.

1. SUMMARY OF PROCEEDINGS LEADING TO, AND ESSENCE OF, TWO PRINCIPAL OPPOSING DECISIONS BELOW.

This protracted suit, complicated by many issues (15,346 page record, exclusive of hundreds of documentary and physical exhibits) is summarized as follows:

The patent in suit, No. 2,629,134, was granted in 1953 to respondent, Sun Rubber Co. (hereafter "Sun") as assignee of Molitor, whose application was filed in 1950. It relates to a "rotational casting" process of producing hollow articles, e.g., toys and industrial and household products, with plasticized vinyl. If in the form of a "plastisol," this is a rubbery plastic that has largely replaced the rubber latex with which many such articles were formerly rotationally cast. Plastisols were developed in Europe during World War II; their properties and behavior during casting were published in the United States as early as 1944. The patent is reproduced at A133-136.

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11. In computing "reasonable attorneys' fees" awarded under 35 U.S.C. § 285 to the prevailing party on patent infringement issues, what are permissible deductions—particularly, after discounting the estimated time spent by the prevailing party's attorneys in non-productive efforts and on non-patent issues (e.g., anti-trust issues), may the unsuccessful party on patent issues also be credited with estimated fees for its successful defense of anti-trust issues?

12. Was the Molitor patent valid, and, if so, was it infringed by Barr?

In 1959 in *National Latex* (274 F.2d 224) the patent was sustained in the Sixth Circuit (with a dissenting opinion) as valid, directly infringed by a ball manufacturer (National Latex) and contributorily infringed by the manufacturer (Akron Presform Mold) of the production machinery used by the direct infringer.

On November 3, 1960, Barr filed the suit below in the Southern District of New York. Declaratory judgment of the Molitor patent was sought; unfair competition by Sun and anti-trust law violation by Sun and others was also claimed. Jurisdiction and venue were alleged under 15 U.S.C. 15 and 28 U.S.C. 1338, 1391 (c), 2201, and 2202. After remand from the Second Circuit Court of Appeals, the Court held it had venue and in 1962 Sun counterclaimed for infringement.

From this outset (somewhat complicated by Sun's duly and eventually dismissed countersuits in Ohio and New York), the suit has continued to be strenuously contested, with extensive pre-trial discovery and motions.

A seven-week trial below commenced in December, 1966; it mainly related to the validity and enforceability of the Molitor patent. In addition to issues of obviousness and anticipation, Sun claimed that the date when Molitor arrived at the claimed process could be carried back of the June, 1950 filing date of the patent to April, 1948; testimony in support of this claim and documents relating to it took up a substantial part of the trial.

(a) Trial Court decision; finding of fraud and perjury on behalf of patentee.

The trial Court found [277 F. Supp. 484 (1967), Frankel, J. (A37-80)] the patent invalid, being both obvious and anticipated, under 35 U.S.C. §§ 103 and 102, in view of extensive evidence and testimony reported in

the decision; Barr's unfair competition and anti-trust claims were dismissed.

Sun's counterclaim for infringement was also dismissed because of attempted fraud on the Court through a deliberately organized scheme of fabrication with respect to Molitor's claimed date of invention (April, 1948), involving perjury by Molitor, his erstwhile laboratory chief, and Sun's president, Smith. This finding was based on analysis of documentary evidence as well as the demeanor of these witnesses, as reported in the trial Court's decision. Further, the *National Latex* decision indicated (at 274 F.2d 232-233) reliance on some of such evidence (e.g., Trial Ex. OO [A137-138], a 1948 laboratory report "raised" by marginal notes, admitted below to be anachronistic with respect to the date of the document and "probably" entered in preparation for the 1957 *National Latex* trial in Cleveland). Accordingly, the trial Court below held the prior appellate decision to be less than binding on it, irrespective of the evidence of statutory invalidity other and differing from that reported in *National Latex*. (See A62-73 for the trial Court's findings of defendant's [Sun's] fabrications and consequences thereof.)

After rehearing and award of counsel fees under 35 U.S.C. 285 to Barr, Sun appealed the findings of invalidity and unenforceability of the Molitor patent. Barr cross-appealed with respect to certain interlocutory decisions before trial; the finding of infringement of the Molitor patent, if valid; dismissal of its anti-trust and unfair competition claims; and the diminution of counsel fees.

(b) Appellate reversal in part, on perjury; remand.

The appeals below were heard on June 4, 1969 and decided [A1-25] on April 30, 1970. The suit is remanded for retrial of all issues of patentability, on the premise (Appellate Decision, Sec. I) that "the finding of perjury

influenced the [trial] court's disposition of the other two questions, obviousness and anticipation." [A8]. Without reporting any consideration of whether the evidence relating to these two statutory grounds would support the conclusions of invalidity in any event, the balance of the decision (Secs. II-IV, A9-22) is principally devoted to the perjury issue.[4]

The Court of Appeals was troubled (Sec. II) by the trial Court's "failure" to announce the standard of proof upon which the finding of fraud and perjury was based; it held that, rather than the preponderance of evidence normally required for such a finding in civil cases, a higher standard of proof was required in the case below, such as "clear and convincing" proof required in cases turning on alleged fraud and undue influence, as by public officials or others not a party to the proceeding. The Court of Appeals found that as a consequence of the trial Court's finding, (a) "untoward" litigation had been started or reopened and further, (b) Sun's witnesses had, thereby,

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[3] Barr's cross-appeal is summarily dismissed (Secs. V-VII, A22-24) in most respects, though, after noting Barr's cross-appeal as to whether 35 U.S.C. 285, as well as law and accounting accuracy, warranted the trial Court's computation of reasonable attorneys' fees in the course of allowing them (A7) the Appellate opinion is silent on this question, presumably treating it as moot in view of the reversal of the finding of perjury and deeming the perjury issue as the sole basis upon which the trial Court made the award. Sec. VIII disposes of motions brought by Sun at oral argument.

[4] As distinguished from perjured testimony, the Appellate decision is silent about the fraudulent aspect of documents submitted by Sun, e.g., the Molitor "progress report" of April, 1948, quoted in *National Latex* and copies of which were presented by Sun as bona fide in the Court below—until the "lost" original Trial Ex. OO [A137-138] just happened to be located by Sun near the end of trial and the "raising" of it by marginal notes entered years later was exposed on cross-examination (see trial Court's decision, A65-66, on rehearing, A35-36).

[5] This section of Petitioner's Statement discusses only the prior adjudication of the Molitor patent in *National Latex*

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been forced to endure the hardship of a damaging impact on their business and social reputations.

Further, irrespective of the "proper" standard of proof, the Court of Appeals found (Sec. III) that the trial Court's finding of perjury did not meet the minimum standard but was inferred from "flimsy" evidence. The Court of Appeals' major difference was with respect to the trial Court's conclusion from a 1956 letter of a Sun U.S. patent attorney to a Canadian attorney for advice on Canadian patent law; i.e., whereas the trial Court concluded that the statement of the letter that Molitor could not carry his claimed date of invention back of the patent date of a prior Italian patent [October, 1948] but could carry it back of its printing date [June, 1949] meant that Molitor arrived at the process during that interim, the Court of Appeals concluded that "in all likelihood" the attorney wrote the letter "with the *April 1948* date in mind." (A16, emphasis supplied.) In support of Sun's position that Molitor had arrived at the claimed process in April, 1948, the Court of Appeals gave weight to documents which Sun had submitted in connection with its

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and proceedings below. To the extent this petition required explanation with respect to parallel and ancillary suits, as noted in footnotes 1, 3, and 10 of the Court of Appeals' decision (A3, A5, A10-11), petitioner respectfully submits an Addendum at the end of the accompanying appendix. It indicates the incompleteness of the Court of Appeals' notation of other proceedings which were of record or as to which it appears to have taken judicial notice.

The addendum avoids attempted clairvoyance—either (a) as to whether the multiplicity of outbreaks in this "perpetual controversy" is attributable to the trial judge's findings below or to decisions of other judges or Courts and or to the error of the Patent Office in ever granting the Molitor patent, or (b) as to how long these and newer outbreaks will persist while the consequences of a thoroughly invalid and abused patent, even after its expiration, fester and metastasize far beyond the not inconsiderable toy industry under judicial approval of attempting to close the lid on the "Pandora's box" (A23) of such evils.

petition for rehearing before the trial Court and which the trial Court had refused to receive in evidence; documents *extra* the record and submitted at the appeal hearing were also received, over Barr's objection to their admissibility in evidence at any time, "in the obvious interests of justice" and then given weight in the Appellate decision. The 1948 "progress reports," submitted, according to the trial Court (A66), as actually reporting Molitor's reduction of rotational casting to practice were acknowledged by the Court of Appeals, in concurrence with the trial Court's findings, as not doing so, but such documents were treated by the Court of Appeals as credible aids to memory of what they did not report. The Court of Appeals accepted as corroborated the undocumented oral testimonies, none of which testimonies the trial Court had believed, for reasons stated. One of the several affidavits of Smith which the trial Court found as indicating the penchant of Smith for perjury, was quoted in full and held by the Court of Appeals to be "no more than a typical affidavit in support of a claim of no jurisdiction." The Court of Appeals is silent in regard to other examples of perjury noted by the trial Court as involving square conflicts between statements under oath and later statements and documentary evidence. It also avoids comment on the demeanor of the witnesses on the stand, as reported by the trial judge, except to acknowledge his better ability to evaluate their credibility (A20).

The trial Court was criticized [in Sec. IV] for relying so extensively on the record of the prior Ohio litigation. The appellate Court questioned whether Sun had been put on sufficient notice. It was held that if Sun had had adequate notice that "the success of its litigation could conceivably turn on the issue of its perjury" (A22), Sun might have called additional witnesses.

2. FURTHER STATEMENT PURSUANT TO RULE 23; BASIS FOR ANTI-TRUST CLAIMS AND INTERLOCUTORY DENIAL OF SUMMARY JUDGMENT AVERTED TO IN APPELLATE DECISION.

(a) Sun's exploitation of Molitor patent.

The Molitor patent specifically describes its claimed process with respect to toys, but its prediction that it would be useful for a wide variety of industrial and other products was confirmed at trial by various Sun exhibits, including now universally adopted components of automobiles.[6] On the same day it received the Molitor patent, Sun was issued the U. S. patent to Martin & Rekettye, No. 2,629,131, covering a rotational casting machine having automatic loading features; this patent, adjudicated in *National Latex*, was not in suit below.

Sun promptly sought to exploit these 1953 patents; due to the drop in price of vinyl plastisol to the point where it was competitive with rubber latex which had increased in price during the Korean War (A45-46), numerous manufacturers were rotationally casting vinyl plastisols in production or were considering doing so by

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[6] The Court of Appeals attribution of direct advantages of rotationally casting plastisols versus slush casting them (A2-3) is totally devoid of support in *any* record. Rather, in such unacknowledged but practically verbatim quotation from the *National Latex* decision (see 274 F.2d 229 [A110]), the Court of Appeals below confused the two variants of casting plastisols with the Sixth Circuit's comparison of inherent advantages of plastisol over rubber latex as a casting material (by either variant); see 274 F.2d 231-232 (A110-111).

Similarly without support in the record is the Court of Appeals' assumption that commercially successful casting of plastisol has developed from a single step heating operation, rather than dual successive steps. And the unexplained assertion that the Molitor patent covers such a single step operation ignores the trial Court's contrary finding (A52-55) based on the patent itself, its claims and file-wrapper, and Sun's representations in its printed briefs in *National Latex*—except, with respect to the last, to criticize the trial Court for its independent diligence in checking and quoting such source material.

the time the Molitor patent issued. Sun negotiated a license with Hale & Kullgren, Inc.,[7] to design, make, and sell machinery suitable for rotational casting, on the condition that such machines be sold, here and abroad, only to licensees under the Molitor patent and corresponding but still pending foreign patent applications. Concurrently, Sun retained a professional patent licenser, one "Red" Thompson, to solicit these manufacturers—among whom was Barr—to take licenses under the Molitor patent. These several hundred solicitations by correspondence (Trial Ex. 338) and personal calls met with complete failure until B. F. Goodrich Company was approached in August and licensed in October, 1953. One division of Goodrich, Goodrich Chemical Co., supplied Sun's vinyl resin and plasticizer, another, Goodrich Industrial Products Co., rotationally cast syringe bulbs of vinyl plastisols, and a wholly-owned subsidiary, American Anode Inc.,[8] sold plastisols formulated for casting.[9] This license was contrary to the prior advice of Goodrich's house counsel that the Molitor patent was invalid and Goodrich did not use machinery covered by the Martin & Rekettye patent."

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[7] The 1953 license to Hale & Kullgren only lasted two years; as a successor, Sun itself embarked on the sale of casting machinery on the same condition, until it was superseded by McNeil Machine and Engineering Co. (now "McNeil Corporation", "amicus" in the Court of Appeals below, hereafter "McNeil"). McNeil became the exclusive machinery manufacturer and co-licensor of the Molitor process patent as part of the deal by which McNeil refinanced Sun in 1960 to rescue Sun from Chapter 11 Bankruptcy proceedings begun in 1958.

[8] American Anode, whose activity was not turned up in *National Latex*, was found by the District Court below to be a prior user and publicizer of all the Molitor patent claims (A48-49).

[9] Barr had information that the Goodrich deal resulted from the threat of Sun—a major purchaser in 1953 of Goodrich's plastisol resins—to go to another supplier (eventually confirmed by Trial Ex. 270A). Thus, it was alleged in Barr's complaint

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Sun has one other license which was entered into before the favorable 1959 decision in *National Latex*. Following the Ohio District Court's decision, affirmed in *National Latex*, Sun granted Wonder Products, Inc. an exclusive license to use the process covered by the Molitor patent for the production of "hobby horses and riding devices." All subsequent licensees have been restricted from using the process to produce such products.[10]

(b) Pre-trial Motion for Summary Judgment Under 35 U.S.C. 185.

At a scheduled October 11, 1965, pre-trial conference,[11] Barr announced that in the course of evaluating depositions recently taken in Toronto, it had reason to believe the corresponding Canadian patent had been filed

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that a prior use [American Anode] had been suppressed and that Sun's supplier had taken a license on the condition that Sun buy resins from the so-licensed supplier. But confirmation of this allegation did not open up until the Spring of 1965, when Sun, pursuant to order, produced documents it had previously withheld. Confirmation was capped by Goodrich's production on September 21, 1965, of the long-hand memo of the entire deal (Trial Ex. 272F) and its justification (Trial Ex. 273) by Goodrich's house patent counsel—the same one who had previously pointed to the Molitor patent's invalidity in view of published prior art (including the 1948 Delacoste Italian patent, discussed at length by the trial Court below, A50; A55-62). This latter Goodrich exhibit points out that the disbursements to Sun under the "license" aspect of the deal were not, within Goodrich's corporate structure, to be charged as "royalties" to the Goodrich division operating under the license, but were simply "payments" to be charged to the division, Goodrich Chemical, from which Sun was to continue to buy its unpatented plastisol resins.

[10] Wonder, an initial co-defendant to an anti-trust count, has been allowed to stand aside, pursuant to pre-trial stipulation. The record (Trial Ex. 281) shows that Goodrich refused to formally amend its prior unrestricted license to exclude manufacture of hobby horses but, noting that Wonder used Goodrich resins, assured Wonder it had no intention of entering the field "as long as conditions continued as they had."

in August, 1950, contrary to its statutorily requisite license; promptly thereafter Barr moved for summary judgment of invalidity of the U.S. Molitor patent under 35 U.S.C. § 185. Sun countered by applying to the Commissioner of Patents *ex parte*, and receiving on the same day, a retroactive license sanctioning the unlicensed foreign filing of over fifteen years before and more than a dozen years after the U. S. Molitor patent had issued. Only then did Sun oppose Barr's motion, on the ground that the Canadian filing was [retroactively] licensed. The flurry of proceedings generated by this maneuver of Sun superseded all others in the case until Judge Feinberg rendered his decision of March 9, 1966 (235 F. Supp. 12, A81-103), essentially sanctioning the Commissioner's continued practice of *ex parte* resurrection of such issued patents ever since and despite enactment of 35 U.S.C. 185 declaring them void *ab initio*.

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[1] This pre-trial conference was set by Judge Feinberg's August 11, 1965 memorandum opinion [A104-106]. Among other matters, this denied Barr's motion to join Goodrich and McNeil as anti-trust co-defendants because granting it would delay the trial tentatively set in the memorandum for December. Barr was allowed to take as many of its requested depositions as it was able (19 were taken) but only within the remaining 60 days (effectively 30 because of vacation schedules of witnesses and their attorneys prior to Labor Day). No further discovery was to be taken after such pre-trial conference (nor was allowed thereafter except for one limited issue left open by the later decision on summary judgment [A98]).

For purposes of brevity, therefore, petitioner has omitted from this statement the facts relevant to the related questions provoked by that August 11, 1965 decision, a subsequent interlocutory order, and aspects of the trial and post-trial decisions, such related questions being listed in footnote 2 above.

REASONS FOR GRANTING THE WRIT.

A. THE APPELLATE DECISION BELOW, DEFYING F.R.C.P. RULE 52(a), CONFLICTS WITH AND WOULD UNDERMINE DECISIONS OF THIS COURT WITH RESPECT TO (a) THE INTEGRITY AND POWERS OF FEDERAL COURTS AND (b) THE PUBLIC'S INTEREST IN ELIMINATING SPECIOUS PATENTS.

The oral argument of the appeal below on June 4, 1969, preceded by twelve days the June 16, 1969, decision of this court in *Lear v. Adkins* (395 U.S. 674). It is submitted this did not warrant the Court of Appeals' ignoring this Court's unanimous restatement of a long standing policy as the "* * * public's interest in eliminating specious patents * * *" (395 U.S. 674, n. 19).[12] Further, in 1945, immediately preceding a paraphrase at 324 U.S. 815 of the above policy and its still earlier supporting decisions, this Court, in *Precision Co. v. Automotive Co.* (324 U.S. 806), enjoined Federal Courts to be alert to any fraud and perjury in obtaining and maintaining of patents in order that, as a court of Equity, each such court "* * * not only prevents a wrongdoer from enjoying the fruits of his transgression but averts injury to the public."

It is submitted that, in less than lip-service to Rule 52(a), *Federal Rules of Civil Procedure* (A124-125), the decision of the appellate Court below exhibits a grim determination to subvert the above principles and (together with aspects of decisions of the pre-trial and trial court) thereby to allow Sun and those participating with it to retain the fruits of iniquities to the consequent substantial injury to the public, as follows:

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[12] This principle also served as the overriding basis for a major change in patent law effected by *Lear*. See Mr. Justice Black's dissenting opinion in the 4-4 decision of April 20, 1970, in *Standard Industries v. Tigrette Industries, Inc.*, ____ U.S. ____, 165 U.S.P.Q. 289, wherein the basic policy reiterated in *Lear v. Adkins* is also quoted at 165 U.S.P.Q. 290.

1. Higher degree of proof of perjury and fraud in patent litigation unwarranted. As evident from the trial Court's decision (A37-81) on the issues tried with even-handed alertness and perspicacity throughout the testimony of live witnesses during the seven-week trial and in the consideration of thousands of pages of depositions, the trial judge held Barr, as plaintiff, strictly to its procedural and statutory burden of proof (35 U.S.C. 282) and rejected several of Barr's contentions on patent issues as insufficiently proved despite substantial evidence supporting them (A73-78). This still left Sun's Molitor patent shown to be thoroughly invalid as perfectly obvious under § 103 and fully anticipated under § 102 of the patent statutes (A125-126).

The major impact of the trial Court's decision, however, resides in the further finding (A62-73) that, in its efforts to surmount these first ascertained statutory barriers to its specious patent, Sun stood revealed as having resorted to fraud and perjury as cynically deliberate as any in the annals of Federal patent litigation. Pale by comparison are the notorious deceptions condemned, for example, in *Hazel-Atlas Glass Co. v. Hartford Empire Co.* (1944), 322 U.S. 238, and *Precision Co. v. Automotive Co.* (1945), 324 U.S. 806, as "tampering with the administration of justice" (322 U.S. at 246) and transgressing "public policy against assertion and enforcement of patent claims infected with fraud and perjury" (324 U.S. at 819).

It is to this further finding of perjury and fraud on behalf of Sun which the Court of Appeals has addressed itself, to the practical exclusion of other issues of the appeals before it.

It is respectfully submitted that one only need peruse, cursorily, the trial Court's decision, commencing at Sec-

tion I analyzing the Molitor patent claims on through its sections 1 and 2 dealing with the question of obviousness and anticipation (A28-62), to note this: By the very organization of his decision, the trial judge took care to make it clear that he arrived at his finding of the invalidating obviousness and anticipation of the Molitor patent claims by a dispassionate weighing of the evidence before him in the light of the statutes and their interpretation by this Court, particularly in *Graham v. John Deere Co.* (1966), 383 U.S. 1, and other Federal Courts. In these initial passages the nearest to any impugning of the veracity or *bona fides* of any witness or other evidence is the trial Court's chiding of the technically expert witnesses in proportion to their partisanship with respect to the party who called them. (See A42, n. 5.)

Thus, it is respectfully submitted that the Court of Appeals' conclusion at the outset of its opinion (Sec. I), without the slightest citation of support in the record, that "[it is] inescapable that the finding of perjury and fraud *influenced* the [trial] court's disposition of the other two questions, obviousness and anticipation" (A8, emphasis supplied), is an example of precisely the sort of essays at later-day mind-reading from which trial judges, in exercising their duty of independent evaluation of facts and judgment of credibility of witnesses, are, as well as appellees, intended to be protected by Rule 52(a), F.R. C.P.

Also improperly, the Court of Appeals appears to infer that the trial Court's observation that some of the fraud attempted to be perpetrated before it had infected the Sixth Circuit's *National Latex* decision was the only ground upon which the trial Court relied in its departure from the Sixth Circuit's decision. True, as its *fourth*

ground, the trial Court stated that the same blight of perjury as was demonstrated before it had also appeared in the *National Latex* decision was "Perhaps the most significant point of all diminishing for this court the weight of the Sixth Circuit's decision * * *" (A65). But, under authority of *Jungersen v. Ostby & Barton Co.* (1949), 335 U.S. 560 [see also *Smith v. Hall* (1937), 301 U.S. 216, 218], the trial Court obviously found three preceding grounds supporting such departure, primarily, and starting with the eventual concession by Sun's own expert, in this case, that Molitor was fully anticipated by the Italian Delacoste patent—rejected in *National Latex* as an anticipation on different (and now clearly insufficient) evidence. Further, the trial Court also held that, "* * * upon the inherent incredibility of the testimony (analyzed in relation to the documents) and upon the demeanor of the witnesses" (A66-67), it would have been compelled under the doctrine of "unclean hands" and *Hazel-Atlas, supra*, and *Precision v. Automotive, supra*, to have rejected Sun's counterclaim "* * * even if there had never been a similar case in the Sixth Circuit." (A73.)

In disposing, on rehearing, of the collateral attack later adopted by the appellate court and others which were made by Sun "because the subject is obviously a serious one", the trial Court prefaced its remarks with the observation, "The point [of the tainting of *National Latex* with perjury] may be of secondary importance since it is sufficient and decisive to find as the court has, that there was false testimony here." (A34.)

The untenableness of the Court of Appeals' defiance of Rule 52(a) F.R.C.P. in Sec. I of its decision is made manifest by its need (in Sec. II) to buttress that defiance with the holding that a finding of fraud and perjury in

patent infringement litigation, such as the case below, is subject to a higher quantum of proof than the "preponderance of evidence" test ordinarily applying in civil litigation.[13] The invitation thereby extended by the Court of Appeals to other patentees to lower their scruples despite the warnings of this Court implicit in the *Hazel-Atlas* and *Precision Instrument* cases is more than shocking, it is basically in square conflict with these decisions. The very authorities cited by the Court of Appeals to the effect that the "clear and convincing" test governs a finding of "undue influence" on a public official point up, over and beyond Rule 52 (a), F.R.C.P., the extremely serious burden imposed on, but not met, by the Court of Appeals' concluding that the trial judge was unduly "influenced" in its finding of invalidity of Sun's patent on statutory grounds. Otherwise, it is superfluous to discuss the inappositeness, to the patent infringement case before it, of the authorities cited by the Court of Appeals for such greater quantum of proof. Such inappositeness was made evident by the above-cited unanimous reiteration by this Court, of the "* * * public's interest in the elimination of specious patents * * *." *Lear v. Adkins, supra*, also repeated in the opinion of the 4-4 dissent in *Standard Industries, Inc. v. Tigrette Industries, Inc., supra*.

Manifestly the public's interest in elimination of a patent as specious as the Molitor patent can tolerate no special exception for lying witnesses in patent infringement litigation or maudlin concern for the "* * * hardship Sun and its people have been made to endure" because of the impact of being caught in perjury and fraud

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[13] Petitioner adopts without question the authorities cited by the Court of Appeals for the "preponderance of evidence" test applying in civil cases.

"* * * is likely to have on the business and social reputations of the witnesses." (Court of Appeals decision, n. 10, A10 carried over to A11).[14]

Similarly, with all respect for the Court of Appeals' authority to take judicial notice of pending judicial proceedings *extra* the record (Court of Appeals decision, n. 10 at A10), even if such proceedings in other Courts are to recall the mandates in *National Latex* and to recover royalties and damages as a consequence of Sun's fraudulent maintenance of the Molitor patent, the appellate designation of such consequences as "untoward" is significant, it is submitted, of the fundamental conflict in policy inherent in the appellate decision below and decisions of this Court. First, it impugns the competence of other Courts to handle the business before them and the right of those members of the public who have been most directly injured by a specious patent to seek redress in them. Secondly, if such suits to recover unlawfully extracted royalties are "untoward", then this Court's decisions in *Hazel-Atlas, supra*, and the companion case of *Shawkee Mfg. Co. v. Hartford Empire Co.* (1944) 327 U.S. 271, authorizing such proceedings when a patent was obtained by fraud, were also "untoward".

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[14] That "Sun and its people" have, in fact, endured a hardship as a consequence of the trial Court's finding fraud and perjury, as held by the Court of Appeals, is necessarily a naked assumption *extra* the record, however natural such an extrapolation might otherwise seem. And despite the galaxy of deposition and trial testimony and evidence which was necessitated by the multiplicity of issues in this "unduly distended case" (A23), what the "business and social reputations of the witnesses" might be, or whether they were for honesty or dishonesty, *was not* explored.

2. It would not be reversible error for a trial court to fail to announce the degree of proof upon which it based a finding of fraud and perjury in maintenance of a patent, but it was error for the appellate Court to fail to consider, without remand, the trial Court's finding of invalidity independent of such perjury and fraud. The Court of Appeals essentially concedes (A22) that the trial Court was entitled to take notice of Sun's fraud on its own motion, yet it has criticized that conscientious Court for failing to announce the quantum of proof applied in arriving at its finding of fraud and perjury. Rather than even looking to the trial Court's published decisions stating its concern with the seriousness of the subject (see, e.g. decision on rehearing, A34), the Court of Appeals nakedly assumes, from a thoroughly mistaken allegation of silence by the trial Court, that the trial Court was not clearly convinced and, instead, "that it [the trial Court] applied this normal 'preponderance of evidence' test." (A9).

The total absence of authority that such silence, if true, could justify reversal and remand—and avoidance of the appellate Court's duty to evaluate the validity of the Molitor patent as a matter of public interest—makes it almost beside the point that the criticism of the trial Court for its alleged failure is as groundless in fact as it is in law. The trial Court *did* announce the high standard of proof it applied. See the trial Court's decision on attorneys' fees, in which it notes Sun's attempted shift, at that stage, to minimize the perjury findings on the basis of colloquy at oral argument and then states:

> "The court has, indeed, in this case as in others, contemplated explicitly the possibility that it might be wrong. But such acknowledgments of fallibility ought not to be viewed even as debater's points.

> Whether or not expressions of humility are suitable for judges during exchanges on oral argument, *the point of significance is that the court made its finding on the regrettable subject of perjury only after sober study and thought sufficient to result in a clear and confident* (if not mathematically certain) *judgment that the evidence required it.*" (279 F. Supp. at 50, n.1; A26, n.1 on A27, emphasis supplied.)

It is respectfully submitted that the public interest in eliminating specious patents, *Lear v. Adkins*, *supra*, would exculpate the trial Court from the undeserved criticism by the appellate Court, even if the actual facts did not. Rather, the same public policy points up the default of the Court of Appeals in failing to review the trial Court's finding of invalidity of the Molitor patent on statutory grounds, irrespective of its reservations about the trial Court's findings of fraud and perjury. Further, that any Court of Appeals would fall into such error demonstrates, it is submitted, the need for review of the appellate decision below.

The Court of Appeals' quarrel with some of the documentary bases upon which the trial Court, in addition to the witnesses' demeanor as described, based its findings for perjury and fraud, is no more of an excuse, it is submitted, than a finding of non-infringement would have been for avoiding the recommended practice of ruling on validity, in the public interest, *Sinclair Co. v. Interchemical Corp.* (1945), 325 U.S. 327, 330. Indeed the Court of Appeals comes close to conceding the requirement for such a ruling on the face of its opinion. On the one hand (a) the number of licensees who have paid tribute under the Molitor patent was deemed significant enough to cite (A3); (b) McNeil, as a Sun-licensed machinery manufacturer, appeared before it as *amicus curiae*; and (c) however little

weight is accorded Barr's charge of anti-trust violation in the Sun-Goodrich deal, it is inescapable (i) that Goodrich's interest was the original impetus for Sun's licensing program and (ii) Dr. Quarles, director of plastic research at Union Carbide Co., appeared voluntarily as a fact and expert witness for Barr—thus demonstrating that the impact of the adjudication of validity in *National Latex*, rather than the Molitor patent itself, has reverberated far beyond the toy industry to manufacturers of casting machinery and raw materials for plastics, as a matter of public interest. On the other hand, unless reviewed and reversed, the case is remanded for further trial of all issues pertaining to the patent's validity—thus virtually guaranteeing prolongation of a case already characterized as "unduly distended" (A23).

3. The trial Court's reference to the reported prior appellate decision of adjudication and Sun's printed briefs submitted therefor was not an "improper" exercise of the Court's powers of investigation to ascertain the accuracy of representations being made to it. In its 1946 decision on another patent infringement adjudication tainted with fraud, this Court in *Universal Oil Co. v. Root Ref. Co.*, 328 U.S. 575 at 580 held without qualification (Emphasis supplied):

> "The inherent power of a federal court to investigate whether a judgment was obtained by fraud, *is beyond question. Hazel-Atlas Co. v. Hartford Empire Co.*, 322 U.S. 238. The power to unearth such a fraud is the power to unearth it effectively. Accordingly a federal court may bring before it *by all appropriate means* all those who may be affected by the outcome of its investigation."

Yet the Court of Appeals, in Sec. IV of its decision, flatly challenges the above principles and specifically questions

the power of the trial Court to investigate Sun's positions in *National Latex* in these words (A20-21):

> "Moreover, we question the propriety of the trial court's extensive reliance upon the record of the earlier Ohio litigation without even hinting to the parties that the record would play such a large if not determinative role in the present case. Cf *Ohio Bell Tel. Co. v. Pub. Util. Com'n.*, 301 U.S. 292 (1937). In doing so, the trial judge exceeded the bounds of judicial notice and thereby denied Sun an effective opportunity to object, examine, and rebut the matters noticed."

In addition to being contrary to principles enunciated by this Court, the premises for such unwarranted criticism of the trial Court are erroneous in fact and law.

This Court's *Ohio Bell* case, cited as authority for the criticism, is not merely inapposite but contradicts the Court of Appeals' sympathy for Sun; there the Commission relied on findings in a prior matter in which the telephone company had no part;[15] here, Sun was an active participant in *National Latex* throughout its course. Thus, in face of the record showing that Sun twice pleaded *National Latex* in its Answer and Counterclaim against Barr (R. 5627-5631)—and unless the Court of Appeals challenges the veracity as well as the judgment of the trial judge in reporting in his decision the following: "As

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[15] The raw irony of the *Ohio Bell* citation by the Court of Appeals is that, in its decision (at A17) it has taken judicial notice of and relies on, as one of its grounds for quarreling with the trial Court's findings regarding the 1956 letter of Sun's attorney in evidence below, the trial testimony of a witness and other papers in the prior Ohio litigation *to which Barr was not a party*. Yet, in taking judicial notice, pursuant to Sun's motion at the hearing of the appeal, of such material, the appellate Court, in its footnote 1 (A16), lists Barr's factual grounds for objecting before overruling them "in the obvious interests of justice" [sic]; it omits Barr's reliance on the *Ohio Bell* case in support of such objections.

already mentioned more than once, defendant's [Sun's] victory of almost a decade ago in the Sixth Circuit, *National Latex Products Co. v. Sun Rubber Company, supra*, has been a central subject of this lawsuit. * * * In this Court, defendant has urged at length the heavy weight of those judgments and the burdensome anomaly of having a later decision invalidate a patent upheld so long ago" (A62-63)—what the Court of Appeals' criticism of the trial Court's judicial notice of the *National Latex* record boils down to is a criticism of the trial Court for having accepted Sun's invitation to do so.

The unjustness of the criticism of the trial Court's "extensive reliance" on the record in *National Latex* is revealed by reference to the trial Court's decision. This shows one instance, at A54, when the trial Court quoted from Sun's *brief*, not the record, in *National Latex*, and this related to a point having no bearing on Sun's perjury and fraud but on the scope of the Molitor patent claims.[16] In another instance (A71) the trial Court noted, as one of the reasons for disbelief, in addition to the demeanor of the witnesses, of the story of a midnight call from Molitor to Smith in April, 1948, that Smith had not so testified in the Ohio suit; as stated by the trial judge at the argument on rehearing (R. 12, 790), he had secured from the Sixth

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[16] The quotation was to support the trial Court's finding that, upon examination of the patent and its file history—as required by *Graham v. Deere*, *supra*, at 383 U.S. 25—*and* Sun's still later representations in the Sixth Circuit, the Molitor claims were limited to a two-step heating process; therefore, concluded the trial Court (A53-54) in assaying a major Sun contention in its effort to show some degree of inventiveness in the Molitor process as claimed, Sun's contention that Molitor claimed and covered a one-step, single temperature heating process was an improperly recent and "baseless afterthought." It is to be noted that the Court of Appeals, ignoring the trial Court's findings and, thus, contrary to *Graham v. Deere*, as well as Rule 52(a) F.R.C.P., adopts as a premise that the Molitor patent relates to and was commercially successful because it covers a one-step rather than a two-step heating operation (A2-3).

Circuit a copy of its printed record in *National Latex*—a publically available document which was necessarily within Sun's knowledge long before the suit below commenced. Otherwise, the trial Court's decisions refer only to *National Latex* as reported at 274 F.2d 224—hardly an area of judicial investigation properly censured by the Court of Appeals (see footnote 6, *supra*).

The further premise (See IV A20-22) for criticism of the trial Court—namely, that Sun was not adequately forewarned by the pre-trial order and the passage of Barr's pre-trial brief quoted at A21-22, n. 21 that the issues of fraud would be raised—*would introduce a novel and wholly untenable concept in law that a party's counsel really should be forewarned that the outcome of their case may be affected if the trial judge*, sitting as a court of Equity, *finds that their witnesses have lied under oath*. It, also, is contrary to the record. In Sun's very opening statement at the start of trial on December 5, 1966, it expressly (R. 20) reserved comment on the quoted passage of Barr's pretrial brief; on December 8, 1966, Sun moved to strike Barr's charge of Sun's perjury in maintaining the patent on the grounds that, as an inflammatory charge of a possibly criminal act inappropriate in a patent case, it imposed on Sun's trial counsel "a determination to make as to whether I do something about it or not." The trial Court denied the motion at that stage, with leave to renew if the evidence did not show support (R. 485-488). At no time during continuation of trial in its first two weeks before an 18-day Christmas recess and for five weeks thereafter to its close at 6:00 p.m. on February 3, 1967, did Sun renew the motion or otherwise claim that it had not had sufficient time to call witnesses to refute the charge of which, by his opening statement and motion at the outset of trial, Sun's trial counsel revealed he was thoroughly aware.

To the extent the Court of Appeals finds fault with a portion of the totality of grounds reported by the trial Court for its finding of Sun's fraud and perjury, such contentions in Sec. III of the appellate decision are either without support in the record or contradicted by it. It is not the purpose of this petition to enumerate such factual issues,[17] except as they also serve to conflict with or under-

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[17] Two flatly asserted findings of the Court of Appeals by which it would contradict its trial Court are so plainly wrong and contrary to the record, factually, as to warrant at least footnoting:

(i) The Court of Appeals accepts, at A16, contrary to the District Court's findings, that Molitor's April 20, 1948, progress report related to rotational casting because it mentions "infra-red [heating] lamps" and Molitor had testified he could not recall using such heating lights for anything else. This was Molitor's testimony on direct—on cross he had to admit that these lamps had long been and were still being used at Sun in 1948 for drying paint on dolls (R. 2173); a 1947 Goodrich publication (Trial Ex. 239), which he recalled, had recommended use of plastisol for toys and also suggested infra-red as the source of heat to be used in casting plastisols.

(ii) Disregarding Smith's perfervid deposition testimony and another affidavit denying the "side-deal" for Sun's purchase of Goodrich's material in connection with the Sun-Goodrich license (until contrary documentary evidence turned up—A65; A71, n. 21), the appellate Court averts to Smith's earliest affidavit in this case to support its designation as "flimsy" the trial Court's finding of general incredibility of this witness who endeavored to corroborate Molitor. This earliest Smith affidavit (quoted in full by the appellate Court at A18-19, n. 17) averred that Sun's "only" office and place of business was Barberton, Ohio; it was defended by the appellate Court as "no more than a typical affidavit in support of a claim of no jurisdiction * * * no court has ever found anything stated in it to be factually erroneous but only the conclusions of law the affiant drew from the facts was an unsound conclusion" (A20). In making this flat assertion, the appellate Court would appear to have not referred to the second paragraph of the District Court's 1961 memorandum (A107) reversing itself on the venue and service issues; as its very first finding of several differing from Mr. Smith's statements of fact, that memorandum noted the office in New York City being operated by Sun's agents and designated, with Sun's knowledge and consent, as the "Eastern Division of Sun Rubber Company."

mine a basic principle of patent law on which lower Federal Courts have heretofore concurred—namely, a patentee is under as heavy a burden to establish his alleged date of invention prior to the date of filing his patent application (June, 1950, in the case of Molitor) as an accused infringer must carry in proving anticipation under 35 U.S.C. 102 by prior public use or sale. See *Rooted Hair, Inc. v. Ideal Toy Corp.* (CA 2, 1964, Marshall, *J.*), 329 F.2d 761, and its holding and supporting prior authorities at 329 F.2d 767.

(a) The major (but actually less critical) dispute of the appellate Court with its trial Court revolves around (A11-16) the November 1956 letter of Sun's attorney during the pendency of the corresponding Canadian Molitor patent at the time the Ohio suit on the U. S. patent issued in 1953 was pending, though still over a year from its trial in December, 1957. Why an American attorney, in writing to a Canadian attorney for advice with respect to Canadian patent law, would have in mind an aspect of U. S. Patent Office practice with respect to a U. S. patent that had issued—the concept which Sun succeeded in persuading the appellate Court to read into the document to excuse it from what it says on its face—has not been explained and defies explanation. In any event, there is no basis for that concept in any evidence of record. See the trial Court decision, A68, noting the absence in Sun's lengthy post-trial brief of any explanation for this document. The appellate Court's assumption that Sun's attorney phrased the letter artlessly and "in all likelihood", had an April 1948 date in mind, because an earlier affidavit of Molitor claimed that date for arriving at rotational casting, also assumes that the attorney was not well aware that such self-serving statements by an alleged inventor have long and notori-

ously had no evidentiary weight. In short, the appellate Court both overlooked *Rooted Hair v. Ideal, supra*, and the year that elapsed between Sun's attorney's letter to an associate flatly stating what Sun could and could not prove and the Ohio trial, thereby allowing Sun ample time to "raise" the record of Molitor's April, 1948, "progress report" (A137-138) with fake marginal notes (See A36-37).

(b) Neither named by the Court of Appeals nor shown by the record were the "number of things," by any one of which, the filing of Molitor's June 1950, application could have been reasonably delayed from the claimed April, 1948, date of invention, as held by the Court of Appeals in scouting the relevance of this fact. The valid point, consistent with the burden on a patentee under *Rooted Hair v. Ideal, supra*, for which the trial Court cited this hiatus preceding the indisputable 1950 filing date was this: It is clearly inconsistent with Sun's claimed appreciation of the major and unforgettable breakthrough asserted to have been effected by Molitor's purported discovery of rotational casting and the midnight call to Smith in April 1948 to announce it—which the trial Court also found incredible for other reasons (A69-71).

(c) The more critical excursion of the Court of Appeals into matters *extra* the record and contrary to Sun's representations at trial occurs in the passage of its decision reproduced at A17. There the Court reports an agreement by Sun that the critical April 1948 "progress reports" do not actually show a reduction to practice of rotational casting. Thus, apparently the document should have been viewed, not as directly corroborating documents of what the witness recalled, but as aids to the memory of Molitor's rotational casting by their disclosure of slush casting; accordingly the appellate Court found "* * * that

the inference[15] that these progress reports were changed or in any manner deceptively employed is ill-founded" (A 17). When and where such a stipulation by Sun appears is not stated nor is it apparent from its briefs on appeal. Surely *both* the Sixth Circuit *and* the trial Court did not fall into the error of *self-deception* in reporting Sun's presentation of these documents as showing direct corroboration by their disclosure of rotational casting [See 274 F.2d 232-233 (A111-112) and the District Court's decisions reproduced at A66, A69; A34]. This aspect of the Court of Appeals' decision would alone appear to require review, not so much because of its conflict with the Sixth Circuit's *National Latex* decision on a factual matter critical to the speciousness of the Molitor patent as because of its conflict with and potential hedging of established authorities on the heavy burden on a patentee who attempts to establish a date of invention prior to his application date. The appellate Court's own prior decision in *Rooted Hair v. Ideal, supra,* is, or was, one such leading authority.

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[15] It is submitted that Rule 52(a) does not sanction the derogation to a mere "inference" the trial Court's specific finding, at A36 citing to the record (R. 4874-6), of Smith's admission of the anachronism of the marginal notes on the April 20, 1948, report (A137-138) and, in the same hand, an entry, in Smith's words: "probably * * * made for the trial in Cleveland."

B. ASPECTS OF THE TRIAL COURT'S DECISION AND PRETRIAL INTERLOCUTORY DECISION, ALL AFFIRMED BY THE COURT OF APPEALS, REQUIRE REVIEW BECAUSE OF (a) AN EMASCULATION OF A STATUTE (35 U.S.C. 185), (b) AN UNDERLYING CONFLICT DEVELOPED BETWEEN DECISIONS OF THIS COURT.

4. A patent invalid under 35 U.S.C. 185 may not be validated by retroactive license granted by the Commissioner of Patents, or, if such action is not ultra vires, the doctrine of intervening rights must apply. § 185 of the patent statutes, 35 U.S.C., specifically provides (see A127): "*Notwithstanding any other provision of law* * * *" no person shall receive a U. S. patent if an application for a corresponding patent has been filed in a foreign country without license from the Commissioner of Patents pursuant to § 184 and "*A United States patent issued to such person, his successors, assigns, or legal representatives shall be invalid.*". When it was discovered in 1965 that a Canadian application corresponding to the Molitor patent had been filed in 1950, not merely without the requisite license but contrary to one that had been granted, Barr moved for summary judgment of invalidity under the mandate of the statute. This presented no real obstacle to Sun. Sun simply ran to the Patent Office, applied (*ex parte* and with no notice to Barr) for a retroactive licensing of its allegedly inadvertent breach of fifteen years earlier, and was granted such a license on the same day it asked for it. This allowed Sun to contend that Barr was still faced with continuing to have to contest the validity of a patent that, under the statute, had been invalid for the past dozen years since its issuance in 1953 under the 1952 Patent Act—and still faced with liability for alleged infringement occurring before its disinterment by the U. S. Patent Office in 1965.

It would be superfluous to reiterate here all the issues thus created. Most of Barr's major positions are detailed and turned down in the pre-trial decision of the District Court (Feinberg, *J.*) reported at 253 F. Supp. 12 (1966) reproduced here at A81-104. Barr relied on—and the pre-trial Court rejected as against the weight of authority—the one decision[19] *Minnesota Mining & Mfg. Co. [3M] v. Norton Co.* (N.D. Ohio 1965) 240 F. Supp. 150, which pointed out this: The authority of the Commissioner to issue retroactive licenses under § 184 (the ground given by the Court of Appeals below at A7-8, n. 9) is necessarily limited, by the express language of § 185, to a time before the U. S. patent issues; within recent history and especially under the 1952 Patent Act (35 U.S.C.), once a patent has issued, the Commissioner has no power to act except to correct and/or reissue within the narrow limits of §§ 251-256—not applicable here. Judge Feinberg's prediction that the *3M* case would not hold up was correct; it was reversed on appeal [(CA 6, 1966) 366 F.2d 238, cert. den. 385 U.S. 1005]. 35 U.S.C. 185 has thus been thoroughly emasculated—unless the alleged infringer holds off until trial; see *Thermovac Industries Corp. v. Virtis Co.* (S.D.N.Y. 1968), 285 F. Supp. 113.

But the fact that lower Federal Courts have overridden the clear Congressional mandate of the statute does not make them right—any more than the residual effectiveness of the statute should have to depend upon the time of raising it during suit; i.e., at trial but not in a pre-trial motion for summary judgment. Cf., *Standard v. Tigrette, supra,* ___ U.S. ___, 165 U.S.P.Q. at 289.

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[19] The number of decisions cited by the pre-trial judge as contra to the Ohio District Court's *3M* decision begins to indicate the extent of disregard of the Congressional mandate of § 185.

It is submitted that it is particularly disturbing that lower Courts, in sanctioning the Commissioner's *ultra vires* exercise of power, have not recognized and applied the Equitable doctrine of intervening rights, now codified in all sections, namely, §§ 251-256, of the patent statute expressly permitting correction of a defective patent after issue. This doctrine, sensibly withholding from a patentee any recovery for alleged infringement occurring before the correction, stems from *Miller v. Brass Co.* (1881), 104 U.S. 350. In *Miller v. Brass*, this Court, with proper indignation that a patent had been reissued with a broader claim fifteen years after its granting and the patentee was attempting to enforce it, held the claim void; this was despite the express power of the Commissioner of Patents to correct defective patents, on a showing of inadvertence, by reissuing them under the statute then in effect (which did not include the subsequent statutory limitations on the time in which such reissues could include a broader claim). The language of this Court in 1881 is peculiarly vital and specifically pertinent to this case now before it:

> "The pretense in this case that there was inadvertence and oversight which had escaped the notice of the patentee for fifteen years is too bald for human credence." (104 U.S. 352).

The trial judge, to his credit, evinced some qualms (A76-77), but the Commissioner of Patents, the pre-trial judge, and the Court of Appeals below, have swallowed without blinking the claim of Sun in October, 1965 of an alleged inadvertence and oversight in August, 1950—with odd preciseness the same claim and period of time as disgusted this Court in 1881.

5. If General Talking Pictures v. Western Electric Co. allows a licensee and patentee of a process to agree to limit competition in unpatented articles, that decision of this Court is overdue for limitation or overturn. If Sun and Wonder, in the absence of any patent, had agreed (a) that Sun would not compete with Wonder in making hobby horses, (b) that Sun would require others with whom it entered into contracts to refrain from competing with Wonder and, thus, not with each other, and (c) Goodrich assured Wonder that it, too, would not compete so long as Wonder continued as a user of Goodrich's resins—precisely what has occurred in the exploitation of the Molitor patent—a clearer case of conspiracy to restrain trade and limit competition, in violation of 15 U.S.C. 1, 2 and 14, could not be made out. It is equally clear that plastic hobby horse bodies are unpatented products, irrespective of the process by which they are made—i.e., molded, cast, or carved by hand. It is also clear that none of the four Molitor patent claims relates to hobby horse bodies, as such, or are limited specifically to a method of making such products.

Certainly this Court has made it clear in and ever since *Morton Salt Co. v. Suppiger Co.* (1942), 314 U.S. 488, that an effort by a patentee to extend his monopoly beyond the scope of his grant is an unsanctioned abuse of his patent. Yet the trial Judge below held (A79), and the Court of Appeals summarily affirmed (A24), that *General Talking Pictures Corp. v. Western Electric Co.* (1938), 304 U.S. 175; aff'd. on rehearing, 305 U.S. 124 [sanctioning a division of fields of use for a patented product] effectively shields a process patentee from the anti-trust laws and allows him to grant exclusive rights to make and, thus, to use and sell, for example, one specific type of unpatented hollow article by a general process of making any hollow article—in short, to function as a private sub-patent office

for personal profit. As such, Sun has functioned wholly outside and free of the numerous restraints (including requirements for novelty and unobviousness and payment of fees transferred to the Treasury, to name three) that Congress has endeavored to place on the subject matter for which the public Patent Office may grant exclusive rights.

It is respectfully submitted that the trial Court and the Court of Appeals were wrong in sanctioning a violation of the anti-trust laws and should be reversed—or that a basic conflict between *Morton Salt* and *General Talking Pictures* has been uncovered and review is required to resolve that conflict.

For required brevity, petitioner has eliminated from its statement pursuant to Rule 23(e) the further facts material to the questions listed in footnote 2 above as related questions (due to denial of Barr's cross appeal). Consistent therewith, petitioner here omits the reasons why this Court should review such issues, respectfully requesting leave to argue them in its brief if this petition should be granted.

CONCLUSION.

For the above reasons, a Writ of Certiorari should issue to review the judgment and opinion of the United States Court of Appeals for the Second Circuit in this matter.

Respectfully submitted,

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July 23, 1970.

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IN THE

Supreme Court of the United States

October Term, 1970

No. 462

THE BARR RUBBER PRODUCTS COMPANY,

Petitioner,

v.

THE SUN RUBBER COMPANY,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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TABLE OF CONTENTS

	PAGE
Statement	1
Respondent's Analysis of the "Questions Presented" By Petitioner	5
First Question	5
Second Question	6
Third Question	8
Fourth and Fifth Questions	11
The Remaining Seven Questions	14
Argument	16
Conclusion	18

Authorities Cited

Blake v. *Bassick Company*, 146 USPQ 157 (N.D. Ill., 1963)	12
Engelhard Industries, Inc. v. *Sel-Rex Corporation*, 145 USPQ 319 (D.C.N.Y., 1965)	12
General Talking Pictures Corp. v. *Western Electric Co. et al.*, 304 U.S. 175 (1938)	13, 14
Graham v. *John Deere*, 381 U.S. 1 (1966)	7
In re Lee and Heineman, (C.D., 1948) 77 USPQ 659	12
McCulloch Motors Corporation v. *Oregon Saw Chain Corporation*, United States District Court for the Southern District of California, Central Division, Civil Action No. 919-57-PH	12

PAGE

Minnesota Mining and Manufacturing Co. v. *Norton Co.*, 366 F.2d 238 (C.A. 6, 1966) 12

Pillsbury Company v. *Brenner*, 146 USPQ 99 (D.C. D.C., 1965) 12

The Sun Rubber Company v. *National Latex Products Company*, 159 F. Supp. 661 (N.D. Ohio, 1958) *affm'd* 274 F.2d 224 (C.A. 6, 1958), *rehearing denied* 276 F.2d 167 (C.A. 6, 1960), *cert. denied* 362 U.S. 989 (1960) 1

United States v. *Gypsum Co.*, 333 U.S. 364 (1940) .. 17

United States and Interstate Commerce Commission v. *Alaska Steamship Company et al.*, 253 U.S. 113 (1910) 14

Statutes Cited

§ 184, Title 35, United States Code 12

§ 185, Title 35, United States Code 12

Rule 52(a), Federal Rules of Civil Procedure 16, 17

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Statement

This litigation was commenced on November 3, 1960, almost ten years ago, by petitioner ("Barr") against respondent ("Sun") as a suit for a declaratory judgment of invalidity and noninfringement of United States patent No. 2,629,134 (the "Molitor" or "'134" patent).

The patent *was* commercially, technically and judicially one of substance. The application for the patent was filed June 27, 1950 and it issued as the '134 patent on February 24, 1953. Its validity was adjudicated some twelve years ago in another action in the District Court in Ohio, *The Sun Rubber Company* v. *National Latex Products Company*, 159 F.Supp. 661 (N.D.Ohio, 1958), which adjudication was affirmed by the Court of Appeals for the Sixth Circuit, 274 F.2d 224 (C.A.6, 1958). A second petition for rehearing

was denied, 276 F.2d 167 (C.A. 6, 1960) and this Court thereafter denied a petition for certiorari therein, 362 U.S. 989 (1960).

The patent relates to a single temperature rotational casting process for use with a particular form of vinyl resin, a plastisol, and the Court of Appeals in the instant case noted (A 2, 3):

> "Concededly there are numerous advantages of a single temperature process over the other methods employed in the industry for molding articles of plastisol * * * the process set forth in Sun's patent appears now to be the preferred means for producing plastisol products commercially. Since the issuance of the patent Sun has licensed it to about twenty producers in the United States who have paid approximately $1,000,000 in royalties."

The patent has now, however, expired. All licensees thereunder have been notified of its expiration and Sun no longer receives any royalties thereunder.

Although the instant action was commenced about ten years ago, the patent's validity has not yet been determined in this action, the Court of Appeals for the Second Circuit, after the date of the expiration of the patent, having remanded the case to the District Court for a reconsideration of "all the issues pertaining to the patent's validity" (A 9).

In the District Court the petitioner, Barr, asserted twelve separate statutory defenses against the patent in suit (in one of which were included nine separate defenses of prior use). Barr further asserted an additional twelve claims relating to misuse, unfair competition and antitrust. In all, Barr posed about thirty-four separate issues.

The District Court below held the patent infringed by petitioner (A 77, 80) but, contrary to the holding of the Circuit Court of Appeals in Ohio, invalid by reason of *two* defenses relied upon by Barr, obviousness and anticipation, in the light of substantially the same prior art that was

before the Ohio courts (A 55-62). The District Court rejected the remaining contentions of Barr. With respect to the numerous issues of antitrust, misuse, and unfair competition, the District Court held "all have proved to be baseless in fact or in law or both" (A 78) and that the "accusations [of unfair competitive practices] are so unsubstantial on their face—or so wholly devoid of evidentiary support—as to be frivolous" (A 80).

The issue to which this petition for certiorari is most pertinent arose because the District Court, *sua sponte*, also held the patent both invalid and unenforceable and awarded substantial attorneys' fees (A 26-31) on the basis of findings it made, as a result of an independent examination, without notice to the parties, of the record and briefs in the Ohio case tried ten years before (A 52-5), that respondent's witnesses committed perjury, not only in the instant case, but in the case tried in Ohio (A 65-6). Reliance upon such evidence outside the record was revealed for the first time after trial, when the District Court's opinion was filed.

The respondent herein then asserted in the Court of Appeals that (1) the District Court committed error when it resorted to and relied upon evidence outside the record in the instant case and did so without notice to respondent and without affording respondent any opportunity for examination of witnesses thereon, the adducing of evidence with respect thereto or argument thereon * and (2)

* The opinion of the Court of Appeals plainly indicates the material significance of depriving respondent of such opportunity. The District Court opinion in this respect relates primarily to testimony with respect to the date of invention. The date of invention was simply historical and not critical with respect to any prior art. The District Court's finding with respect to perjury however related to that date and once being apprised of the District Court's evaluation of certain evidence on the basis of its own independent excursion into the Ohio record, Sun produced documentary evidence, rejected by the District Court on rehearing, but judicially noticed by the Court of Appeals, (A 16 n. 14, 22) which the Court of Appeals characterized as "succinctly demolish[ing] the theory that Sun adjusted the date of invention." (A 15)

the District Court's findings of perjury in the instant case, *irrespective* of whether it was proper to take notice of the Ohio record as it did, were themselves *clearly erroneous* in substantial respects and were not supported by the required degree of proof.

The Court of Appeals (Waterman, *C.J.*, Friendly, *C.J.*, and Kaufman, *C.J.*), unanimously held:

> 1. The District Court rested its determination of *invalidity* in part upon the finding of perjury and such finding influenced the Court's disposition of the questions of obviousness and anticipation (A 8).
>
> 2. A finding of perjury and award of attorneys' fees based thereon should be supported by "clear and convincing proof" and that the District Court did not, in making such adjudication, apply this standard of proof (A 9, 11). However, irrespective of the failure of the Court to apply this standard of proof, the evidence did not suffice to prove the commission of perjury even if a mere "preponderance of the evidence standard" was applied (A 11).
>
> 3. That the District Court relied (A 11) upon a "multitude of scattered inferences unreasonably drawn from flimsy evidence" and although the Court of Appeals was mindful of the trial judge's opportunity to evaluate the credibility of witnesses, the District Court's finding of perjury was *clearly erroneous* (A.20).
>
> 4. The trial judge exceeded the bounds of judicial notice by extensive reliance upon the record in the earlier litigation without advising the parties thereof or giving respondent an effective opportunity to object, examine or rebut the matters noticed (A 20, 21).

The Court of Appeals accordingly reversed the judgment below, reversed the award of Attorneys' fees based thereon and remanded the case to the District Court for reconsideration of all the issues relating to patentability (A 9, 20).

Such reconsideration has not yet been had.

Respondent's Analysis of the "Questions Presented" By Petitioner

Petitioner's "Questions Presented" do not lend themselves to ready analysis since three are posed as "questions", two are posed as "questions begged by the Court of Appeals" and seven, according to petitioner, are "related questions begged by the appellate decision" to be reviewed if the petition is granted—presumably on the basis of the first three or perhaps five questions!

Basically, what is wrong with the three—or five—primary questions is that they are not in fact raised by the Court of Appeals' decision.

First Question

The first Question raised is whether the Court of Appeals was correct in requiring in this case a higher standard of proof in assessing a charge of perjury than a mere preponderance of the evidence, the standard generally obtaining in a civil case.

The fact is that the Court of Appeals' decision reversing the District Court on the finding of perjury did not turn on the application by the Court of a higher standard of proof (A 9, sec. II to A 11, sec. III). The Court simply stated that it was "troubled" by the lower Court's failure to define the quantum of proof applied and assumed, from the lower Court's silence, that it applied the normal preponderance of the evidence test (A 9). The Court of Appeals then went on to state that there was ample authority to require a standard of clear and convincing proof to establish fraud in cases involving the recovery of moneys paid and the like (A 9-10). It relied upon a principle that when a person is charged with all the elements of a heinous crime, even in a civil case, he should be given the benefit of the usual presumption of innocence unless the adverse proofs are so far satisfactory as to be convincing (A 10)

and held in the instant case that logic and reason demanded that no lower standard of proof be applied in assessing a charge of perjury (A 10) particularly when that charge would result in the allowance of attorneys' fees not otherwise recoverable and that the Court below committed *procedural* error by applying the wrong standard of proof (A 11).

However, the Court then significantly held that irrespective of the failure to apply the proper standard of proof, the evidence in the Court below "did not suffice to prove the commission of perjury even if the 'preponderance of evidence' standard is applied as the test" (A 11) and that "the district court's finding of perjury was clearly erroneous" (A 20) even when measured by the lesser test.

Accordingly, the result did not turn on which, the greater or lesser, standard of proof was applied and petitioner's first Question is inaccurate and moot in view of the Court of Appeals' finding that the charge of perjury was unsupported in the record under either standard of proof (A 11).

Second Question

The second Question raised by petitioner is indeed a peculiar one and brings into question the validity of petitioner's representations to this Court. That Question as stated is whether the Court of Appeals was correct in remanding the case for reconsideration with respect to the issues of patentability simply because the District Court did not announce or define the standard of proof it applied in making its findings of perjury.

The discussion above under the first Question makes it quite plain that the Court of Appeals did not reverse the District Court and remand the patentability issues simply because the District Court failed to announce the standard of proof it applied (A 9). All the Court of

Appeals said was that it was "troubled" by, or was not aware of, which standard of proof was applied by the District Court and that it would assume that the lesser standard of proof, "preponderance of evidence", was applied. It then carefully analyzed the record below in detail and concluded that the District Court committed clear error irrespective of whether a "clear and convincing" standard or a "preponderance" test was applied (A 11).

Petitioner attempts to imply that the remand of all issues relating to patentability was unrelated to its reversal of the findings of perjury and hence was incorrect in that it failed to pass on the issue of validity.

The fact is that in measuring the invention of the patent against the prior art, the District Court disregarded the single critical feature in the process that made it successful and distinguished it from the prior art on grounds which the District Court stated was based on respondent's alleged inconsistent statements with respect to this subject in the case below and in the briefs, independently examined by the District Court, submitted by respondent in the early Ohio litigation. The District Court specifically utilized its evaluation of perjured and inconsistent testimony to apply the test of invention enunciated by this Court in *Graham* v. *John Deere*, 381 U.S. 1 (1966) on the question of lack of invention (A 54-5).

Further, the Court of Appeals, after its examination of the record specifically found that the District Court's finding of perjury *influenced* its determination of the questions of obviousness and anticipation. The Court of Appeals stated (A 8):

> "Although the district court purported to be resting its determination that Sun's patent was invalid on three independent bases, the conclusion is inescapable that the finding of perjury influenced the court's disposition of the other two questions, obviousness and anticipation."

Finally, the District Court below recognized that the decisions on patent validity of the District Court in Ohio and particularly that of the Court of Appeals for the Sixth Circuit would normally be entitled to great weight in assessing the validity of the patent in the instant case but then stated (A 65):

> "Perhaps the most significant point of all diminishing for this court the weight of the Sixth Circuit's decision is the overwhelming demonstration by the plaintiff here that the Sixth Circuit's record, like the one now under consideration, was blighted by perjury in significant respects."

The Court of Appeals rightly concluded therefore that central to a disposition of the issues in the case below was the ruling by the District Court on perjury (A 9).

Accordingly, it is plain that the Circuit Court did not remand the issues of patentability simply because, as petitioner suggests, the District Court committed a procedural error in failing to announce the standard of proof. It remanded the issues with respect to patentability because the determination of invalidity by the District Court was in fact based in a substantial part on its erroneous findings of perjury.

Third Question

The petitioner poses as his third Question, whether the District Court could exercise investigatorial powers by examining the factual record made and argumentative briefs submitted in another earlier action in aid of making findings of fact and conclusions of law in the case before it.

This Question assumes that the Court of Appeals reversed the decision below because of the examination of evidence outside the record in the case below, *per se*.

Respondent did raise this *per se* question in the Court of Appeals. However, the Court of Appeals simply said, with respect to this issue, that it questioned "the propriety

of the trial court's extensive reliance upon the record of the earlier Ohio litigation (A 20)." Further, without actually passing on the propriety of the examination of such evidence outside the record, *per se*, the Court then said that its questioning of the propriety of such reliance was that the District Court did so without advising or even hinting that the record and briefs in the other case would be evidentiary factors in determining the present case (A 20).

The Court of Appeals then pointed out that *notice* of reliance on the Ohio record was particularly critical in the instant case because the respondent was unaware of the specificity of any charge with respect to this issue, was unaware that the issue existed and was not afforded any opportunity to litigate the issue or contest the propriety of the taking of notice of the Ohio record.

In so holding, the Court of Appeals stated (A 20):

> "Moreover, we question the propriety of the trial court's extensive reliance upon the record of the earlier Ohio litigation without even hinting to the parties that the record would play such a large, if not a determinative, role in the present case. Cf. *Ohio Bell Tel. Co.* v. *Pub. Util. Comm'n*, 301 U.S. 292 (1937). In so doing, the trial judge exceeded the bounds of judicial notice and thereby denied Sun an effective opportunity to object, examine and rebut the matters noticed * * *."

The Court of Appeals in fact bottomed its reversal, not on whether the Court could *sua sponte* judicially notice the record and briefs in the Ohio case, but upon the fact that respondent had no fair notice thereof and no opportunity to meet the same (A 21).

Lending reality to the finding of the Court of Appeals was the fact that there existed in the Ohio record (portions not examined by the District Court) testimony and documents completely dispositive of the inferences independently drawn by the District Court below based on its

examination of the printed record only. As the Court of Appeals stated (A 22):

> "For example, if there had been adequate notice to Sun that the success of its litigation could conceivably turn on the issue of its perjury, crucial aspects of the Ohio proceedings such as the testimony of Chester Lile and the documents proving Sun's knowledge of a prior invention claim before November 30, 1956, evidentiary items apparently overlooked by the court below — would have undoubtedly been brought to the court's attention by Sun."

Again lending reality to this position, the fact is that the respondent on an application for reconsideration, when it was first apprised of the issue, called the attention of the District Court to the testimony of a Mr. Lile, which appeared in the *trial* transcript of the Ohio case, and which specifically corroborated the testimony in the instant case which the District Court erroneously found to be inconsistent with the testimony in the Ohio case. The District Court refused to consider it (A 17).

In addition, the respondent Sun proffered to the Court on such application for reconsideration documents of record in the Ohio case which were characterized by the Court of Appeals below as "succinctly demolish[ing] the theory" upon which the District Court relied for its finding of perjury (A 15). Despite the seriousness of the finding and despite the plain error which the documents demonstrated, the District Court refused to consider them.

On the same application for reconsideration, once the respondent was apprised of this issue, it proffered the *oral* testimony of three obviously unprejudiced witnesses (specifically outlined in affidavits of such witnesses), completely rebutting the bases upon which the perjury findings were made. The District Court similarly rejected such offer of proof (A 17).

Plainly, petitioner's third Question is purely hypothetical. The Court of Appeals did not reverse this District Court because it investigated the record and briefs in another case. It reversed it because it made that investigation of the printed record in the Court of Appeals (not the entire trial record) and the briefs on file in the appellate court and made dispositive findings thereon without ever giving respondent an opportunity to object thereto or to adduce rebuttal proof with respect thereto, in circumstances where, as the Court of Appeals reasonably demonstrates, such rebuttal proof could have been material (A 17, 22) in overcoming the findings made, in a sense *ex parte*, by the District Court.

Accordingly, petitioner's third Question is highly deceptive and not at all based upon the actual disposition of the issue by the Court of Appeals.

Fourth and Fifth Questions

The petitioner states with respect to these two Questions that they were "begged" by the Court of Appeals.

A good and sufficient reason for this characterization is one which should, under the ordinary principles of review, prevent their consideration on this petition, namely, the petitioner did not press or argue these Questions in the Court of Appeals. *Bass Ltd.* v. *State Tax Commissioner*, 266 U.S. 271, 285; *Heines* v. *Martin*, 268 U.S. 458, 465; *Walters* v. *City of St. Louis*, 374 U.S. 231, 233.

The fourth Question deals with the granting of a retroactive license by the Commissioner of Patents to file a foreign patent application corresponding to the application of the patent in suit. The petitioner adds some gloss to the basic Question by querying whether such a license may be granted *ex parte* after the patent is in litigation and by the additional query as to whether such retroactive license is prevented by intervening rights.

The Court of Appeals below specifically noted that this issue was stated in petitioner's Notice of Appeal but that it "is not pressed on appeal" (A 8, f.n.).

The same issue, however, was raised in a pretrial motion in the District Court herein by then District Judge Feinberg. Petitioner's motion was for summary judgment and there was no question of fact involved. Judge Feinberg denied the motion for summary judgment (A 104-6) 253 F. Supp. 12 (S.D.N.Y., 1966).

The same issue was again raised by petitioner upon the trial of the action below and the District Court held that petitioner "failed to show anything but 'inadvertence' to account for the solecism (a filing premature by nine days) of which it complains" (A 77).

There is no judicial dispute with respect to the right of the Commissioner of Patents to grant a retroactive license in the exercise of his discretion under the authority granted him by §§ 184 and 185 of Title 35, U.S.C. either with respect to the *ex parte* nature of the application, the fact that the patent is in litigation or the fact that the license is retroactive. The following cases have uniformly sustained such authority: *In re Lee and Heineman*, (C.D., 1948) 77 USPQ 659; *McCulloch Motors Corporation* v. *Oregon Saw Chain Corporation*, United States District Court for the Southern District of California, Central Division, Civil Action No. 919-57-PH; *Blake* v. *Bassick Company*, 146 USPQ 157 (N.D.Ill., 1963); *Engelhard Industries, Inc.* v. *Sel-Rex Corporation*, 143 USPQ 319 (D.C.N.Y., 1965); *Pillsbury Company* v. *Brenner*, 146 USPQ 99 (D.C.D.C., 1965); and *Minnesota Mining and Manufacturing Co.* v. *Norton Co.*, 366 F.2d 238 (C.A. 6, 1966).

The fifth Question posed by petitioner is in fact whether a patentee of a process may grant an exclusive license to use that process in a particular field and thereafter widely grant non-exclusive licenses to use the process in all other fields.

Respondent states that it has examined the petitioner's brief in the Court of Appeals and its reply brief and does not find this issue argued in that Court by the petitioner and again, such omission forces petitioner to state that the Court of Appeals "begged" the question.

The petitioner has embroidered the Question by adding thereto that the patentee has thereby eliminated competition in the product made by the exclusive licensee.

The exclusive license granted by respondent to a company called Wonder Products was exclusive only to use the process of the patent to manufacture hobby horses. The proof in the District Court established that competitive hobby horses could be and in fact were made by other processes and petitioner plainly failed to prove that there was any elimination of competition in the production of hobby horses. The District Court disposed of this issue by stating that it was answered by the rule of *General Talking Pictures Corp.* v. *Western Electric Co. et al.*, 304 U.S. 175 (1938). More significantly the District Court found that there was no elimination of competition and that petitioner's "claim of injury from this asserted violation is wholly unsupported by the record" (A 79, par. C). The Court of Appeals below referred to the District Court's holding that a variety of antitrust and unfair competition charges were "baseless in fact or in law or both" (A 24, sec. VII) and stated that it agreed with the District Court's conclusion in this respect.

The petitioner cannot lift itself by its own bootstraps in this Court by stating a hypothetical question which involves the antitrust laws but is totally unrelated to any proof or evidence in the action below. Its own abandonment of this issue in the Court of Appeals is a sufficiently practical indication of the lack of significance and substance in the Question attempted to be posed. Whether or not *General Talking Pictures* should be reviewed by this Court, we respectfully submit that the lack of factual support, as

found by the Courts below, for the petitioner's contention in the instant case makes it markedly inappropriate as an adequate medium to meaningfully review the doctrine of the *General Talking Pictures* case.

The three—or five—primary Questions posed by petitioner, yet not actually raised by the opinion of the Court of Appeals below, have been demonstrated ~~to be moot~~, hypothetical, abstract or not pressed in the Court of Appeals. This Court has long advised the bar of its power and duty with respect to such Questions. In *United States and Interstate Commerce Commission* v. *Alaska Steamship Company et al.*, 253 U.S. 113, 116 (1910) it said:

> "It is a settled principle in this court that it will determine only actual matters in controversy essential to the decision of the particular case before it * * *. However convenient it might be to have decided the question * * * this court is not empowered to decide moot questions or abstract propositions, or to declare, for the government of future cases, principles or rules of law which cannot affect the result as to the thing in issue in the case before it."

The Remaining Seven Questions

The inclusion of seven additional questions, in footnote form, posed as "begged" by the Court of Appeals but "to be reviewed" if the petition is granted—presumably on other grounds—is in respondent's experience a unique, but highly questionable tactic, in a petition for review submitted to this Supreme Court. Respondent respectfully requests the Court's indulgence if its sense of caution constrains it to reply thereto.

These Questions in fact have been contrived by the petitioner as questions, whereas in fact they amount to no more than a restatement of a variety of allegations which the petitioner completely failed to prove in the District Court below, which the District Court specifically disposed

of, with respect to which the District Court made the finding that they "all have proved to be baseless in fact or in law or both" (A 78) and with respect to which the Court of Appeals either specifically passed upon or held that it agreed with the findings of the District Court with respect to the baselessness of petitioner's charges.

For example, Question 6 deals with petitioner's claim that the license payment by the B. F. Goodrich Company to respondent constituted a rebate with respect to purchases of resin from Goodrich by respondent rather than an actual royalty under the license (P. 4, 12, fn. 9).* Despite petitioner's assertion of this Question as a substantial one, the District Court specifically considered it and found that petitioner's contention, in the light of the evidence, was "scarcely intelligible", "difficult to follow and unmeritorious" (A 78).

Queston 7 is so contrived as to state a proposition which anyone would recognize as a violation of the antitrust laws (P. 4) if such facts existed. It relates to the contention made by petitioner at page 12 of its petition, note 7, regarding the sale of rotational casting machines by the McNeil Corporation and implies that such a condition existed with respect to McNeil's sales. Yet, the District Court in a firm finding found that "the *evidence* does not sustain, but serves to *refute* this charge" (A 79).

Question 8 (P 4) is a restatement of the basic contentions made by petitioner with respect to perjury and solidly rejected by the Court of Appeals.

Questions 9 and 10 deal specifically with matters clearly within the province of the *nisi prius* court. Petitioner sought, as the District Court and the Court of Appeals found, to expand this case, which had been pending for more than six years, on the eve of trial "further protracting an already unduly distended case" (A 23). Further, as the

* Petitioner's brief so indicated herein.

Court of Appeals noted, the petitioner had ample opportunity to, and did, pursue all of these Questions in the District Court without the joinder of the parties and without the allowance of additional pre-trial discovery and "the gist of their intended substance was *adequately* before the court" (A 28).

Although petitioner does not appear to rely upon these additional seven Questions as a primary basis for its petition for certiorari, its inclusion of these Questions in its petition, perhaps as "bait", is not only improper but as is shown herein, without merit.

ARGUMENT

Under the caption "Reasons for Granting the Writ", subheading A, Barr interposes certain comments, ostensibly applicable to all the questions subsequently raised, constituting a strong and unwarranted indictment of the actions and motivations of the Court of Appeals' handling of this case. Barr attacks the Court of Appeals decision as "Defying F.R.C.P. Rule 52(a)", "conflicting with and * * * undermin[ing] decisions of this court", "ignoring this court's * * * long standing policy", and "exhibit[ing] a grim determination to subvert the above principles [of this court]". Insofar as the comments under this heading might be considered, despite the clear mandate of Rule 40, subsection 5,* of this Court, they are totally irrelevant and immaterial to a disposition of the Question here sought to be presented.

---

* Subsection 5 of Rule 40 states:

"Briefs must be compact, logically arranged with proper headings, concise, and free from burdensome, irrelevant, immaterial, and scandalous matter. Briefs not complying with this paragraph may be disregarded and stricken by the court."

The only one of Barr's comments having any pertinence to the questions presented is the suggestion that the Court of Appeals substituted its judgment with respect to the findings of the District Court in contravention of Rule 52(a), F.R.C.P. It is clear, however, that the Court of Appeals was fully cognizant of Rule 52(a), F.R.C.P., from its statement (A 20):

> "In summary although we are definitely mindful that the trial judge is better able than we to evaluate the credibility of witnesses, we hold the District Court finding of perjury *clearly erroneous.*" (Emp. added).

By carefully reviewing the testimony and the principal documentary evidence on which the trial court had relied, the Appellate Court was clearly following the rule enunciated by this Court in *United States* v. *Gypsum Co.*, (1940) 333 U.S. 364, 395:

> "A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing Court on the entire evidence is left with a definite and firm conviction that a mistake has been committed."

Thus, the Court of Appeals has specifically complied with the mandate of this Court in *Gypsum* by making a thorough and thoughtful review of the record in this case. In so doing the Appellate Court reached the conclusion that grave and clear error had been committed below and that the consequences which followed from this error were such that it was the proper judicial course to order a retrial of the issues consistent with its findings on the issue of perjury and fraud. It is apparent, therefore, that petitioner's ill founded and harsh condemnation of the Appellate Court wherein it characterized that Court's action in reviewing the record below as "exercises at later-day mind-reading" was unwarranted.

CONCLUSION

The Court of Appeals' action in reversing certain findings and conclusions of perjury which it found to be clearly unsupported by the evidence and in remanding this case to the District Court for a reconsideration of the issues of patent validity was clearly within its authority as a court of review and has presented this Court with no unusual questions of law.

This petition should be denied.

Respectfully submitted,

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Certificate of Service

I certify that three (3) copies of the foregoing Brief in Opposition to Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit were airmailed postage prepaid to Albert L. Ely, Jr., Esq., 2404 Terminal Tower, Cleveland, Ohio and one (1) copy each to Harvey M. Brownrout, Esq., 70 Pine Street, New York, New York, and Theodore A. Lazar, Esq., 37 West Broad Street, Columbus, Ohio, attorneys and counsel for petitioner this 24th day of September, 1970.

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Supreme Court, U.S.
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In the Supreme Court of the United States

OCTOBER TERM, 1970.

No. 462.

THE BARR RUBBER PRODUCTS COMPANY,

Petitioner,

vs.

THE SUN RUBBER COMPANY,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT.

REPLY BRIEF OF PETITIONER.

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TABLE OF CONTENTS.

REPLY BRIEF OF PETITIONER 1

Question 1. Is a higher quantum of proof required for a finding of perjury and fraud in procuring and maintaining a patent than generally obtaining in civil cases? 2

Question 2. Was it error for the Appellate Court to reverse the trial Court's finding of fraud and perjury and remand for trial of all issues of patentability without ruling on the patent's validity independently of such reversal of findings of fraud and perjury? 3

Question 3. Does a District Court have only limited investigational powers to determine if a judgment was obtained by fraud? If so, what are the limits which the District Court transgressed? 5

Rule 52(a), F.R.C.P. 6

Question 4. What is the power of the Commissioner of Patents under 35 U.S.C. 184, 185 to issue, ex parte, retroactive licenses for foreign filings after the U.S. Patent has issued? 8

Question 5. What restraints of licensors and licensees from competing with each other are sanctioned under *General Talking Pictures v. Western Electric*? 9

CONCLUSION 10

TABLE OF AUTHORITIES.

Cases.

General Talking Pictures v. Western Electric Co. (1938), 304 U.S. 175; 305 U.S. 124 — 9

Graham v. John Deere Co. (1966), 383 U.S. 1 — 5

Lear v. Adkins (1969), 395 U.S. 653 — 4

Miller v. Brass Co. (1881), 104 U.S. 350 — 9

Sinclair Co. v. Interchemical Corp. (1945), 325 U.S. 327 — 4

Thermovac Industries Corp. v. Virtes Co. (S.D.N.Y. 1968), 285 F. Supp. 113 — 9

United States v. Gypsum Co. (1948), 333 U.S. 364 — 6, 7

United States v. Yellow Cab Co. (1949), 338 U.S. 338 — 7

Universal Oil Co. v. Root Ref. Co. (1946), 328 U.S. 575 — 5

Zenith Radio Corp. v. Hazeltine Research (1969), 395 U.S. 100 — 8

Statutes.

35 U.S.C. 102 — 2

35 U.S.C. 103 — 2

35 U.S.C. 184 — 8

35 U.S.C. 185 — 8

Federal Rules of Civil Procedure.

Rule 52(a) — 6

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REPLY BRIEF OF PETITIONER.

This reply brief is addressed virtually exclusively to a rebuttal of the "Respondent's Analysis of the 'Questions Presented' by Petitioner." It is this aspect of Sun's thoroughly specious defense of the appellate decision below which brings into sharpest focus the departures that necessitate review by this Court. Such necessity arises not only because of the fault of the Appellate Court below in prolonging the effects of the specious Molitor patent in suit (which respondent essentially acknowledges at the outset of its "Statement". [Resp. Br. pp. 1-2] to have burdened the Courts and the directly affected industries);

[1] In the same outset of its opposing brief Sun has emphasized that the Molitor patent "*was*" significant, i.e., it expired on February 24, 1970. Aside from support for the none too subtle plea that "Sun and its people" (A11, n. 10) by adverse possession are becoming thereby entitled to the fruits of the specious Molitor patent and the iniquities in securing and

(Continued on following page)

a far more insidious and cancerous effect, unless promptly and explicitly corrected, will remain, i.e., the special encouragement and gratuitous support this appellate decision gives to exploiters of other specious patents to resort to perjury and fraud in securing and maintaining them.

Question 1. Is a higher quantum of proof required for a finding of perjury and fraud in procuring and maintaining a patent than generally obtaining in civil cases? Sun would have this question sloughed off by the argument, in gist, that the entirety of Sections I and II of the appellate decision (A8-11) is mere irrelevant *obiter dicta* on an immaterial "*procedural* error" (Sun brief, p. 6, emphasis quoted). Sun thereby points up the magnitude of the Court of Appeals' mistake in law. The Court of Appeals grouped the District Court's finding of unenforceability of the Molitor patent because of fraud and perjury in its procurement and maintenance together with "obviousness" [35 U.S.C. 103] and "anticipation" [35 U.S.C. 102] in the District Court's "* * * determination that Sun's patent was invalid on three independent bases"

(Continued from preceding page)

maintaining it, the expiration of the patent near the end of the more than two years of pendency of the appeal below is a total irrelevancy. Certainly Sun's claim against Barr is not terminated, nor did such expiration put an end either to the multiplicity of suits in other courts of which the Court below took judicial notice and characterized as "untoward" (A10, n. 10) or to the additional suits in the United States and Canada (under the corresponding Canadian patent) listed in an addendum to the Appendix (A132). At least still another suit should be added to that addendum list, *Barberton Plastics Products, Inc. v. Sun Products Corporation and McNeil Corporation*, Northern District of Ohio, No. C-70-828, filed August 27, 1970. The *Barberton* case arose out of a claim of Sun for royalties under a Molitor patent license and an "invitation" by Sun that the license and royalty payments be continued under the Whittington patent (Trial Ex. 56) that Sun extracted from National Latex Products Co. as part of the price for suspension of the injunction enforced by Sun as a consequence of the *National Latex* litigation (274 F.2d 224).

(A8). Thus, by the remand to the District Court "of all issues pertaining to the patent's validity" (A9) and "Upon remand the proceedings below are to be conducted consistent with the approach taken herein relative to the issue of perjurious conduct on the part of Sun, its officers and employees" (A25), presumably reconsideration of the fraud and perjury of Sun's witnesses would not be wholly foreclosed in such a retrial, assuming Barr will have the stamina to re-face one. If so, the higher burden of proof on Barr in maintaining this defense would by no means be a mere *obiter dicta*.

More significantly, as a matter of permanent damage until eventually corrected by this Court, what other Federal Court, particularly District Courts and especially those in the very active Second Circuit, would presume to brush off the rulings of law and unwarranted criticism of the District Court in Section II of the decision (A9-11) as meaningless superfluities?

Question 2. Was it error for the Appellate Court to reverse the trial Court's finding of fraud and perjury and remand for trial of all issues of patentability without ruling on the patent's validity independently of such reversal of findings of fraud and perjury? Under this question Sun first repeats its contention that the standard of proof of fraud and perjury in patent litigation required by the appellate decision below was only *obiter dicta*. Sun would then brush this question aside as Barr's mere "attempts to imply" that the Court of Appeals erred.

Barr intends no mere implication of error. With the full trial record, all documentary exhibits, and all physical exhibits[1] before it, nothing stood in the way of the appel-

[1] Except Barr's large 1946 rotational casting machine for which photographs were stipulated to be a substitute.

late court to pass on the obviousness and anticipation of the Molitor patent in the light of law and evidence (A 40-62) on which those Sun's witnesses who were found to have combined to create a material and deliberate falsification in Sun's other representations to the Court, had nothing to say and could have said nothing.[3]

This was a plain dereliction, contrary to this Court's recommended practice (*Sinclair Co. v. Interchemical Corp.* [1945], 325 U.S. 327, 330) and required by the public interest in eliminating specious patents. *Lear v. Adkins* (1969) 395 U.S. 653, 674, n. 19.

In an effort to supply some support to the appellate Court's thesis and essay at remote later-day mind reading, namely, "that the District Court's findings of perjury *influenced* its determination of the question of obviousness and anticipation" (Resp. Br. p. 7, emphasis quoted), Sun asserts:

> "The District Court specifically utilized its evaluation of perjured and inconsistent testimony to apply the test of invention enumerated by this Court in *Graham v. Deere*, 381 U.S. 1 (1966) on the question of lack of invention (A54-5)." (Resp. Br. p. 7. Emphasis of citation to Appendix supplied.)

There is no support for this assertion at the cited pages of the appendix or elsewhere. The cited passage of the District Court's decision, long before it addressed itself to any issue of perjury and fraud, relates to the *scope of the claims* of the Molitor patent in suit, *not* the test of inventiveness as measured by anticipation or obviousness. The

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[3] As just one example, of these three perjurious witnesses, Molitor, his former laboratory chief, Cartlidge, and Smith, Sun's president, none participated in the testimony regarding the prior use at Goodrich's subsidiary, American Anode. And no testimony could undot an "i" or uncross a "t" in the corroborating publication (P. Ex. 33, p. 3) of this prior use, quoted for its clarity at A49.

District Court quoted from Sun's brief in the Sixth Circuit in *National Latex* to show that *there* Sun's contention as to the scope of the patent claims *was* consistent with the terms of the patent, as it was not in the trial Court below. The passage in *Graham v. Deere*, compared in this connection by the District Court, i.e., 383 U.S. at 25, relates to this Court's reiteration of disapproval of any "after thought" arising during litigation whereby an attempt is made to read into a patent a feature not found in it—precisely the tactic of Sun in the suit below in attempting to switch the coverage of the Molitor patent from a dual-temperature to a single-temperature process. This tactic, swallowed whole-hog by the Court of Appeals (A2-3), was recognized and rejected by the alert District Judge in the passage (A54-5) now mis-cited by Sun.

Question 3. Does a District Court have only limited investigational powers to determine if a judgment was obtained by fraud? If so, what are the limits which the District Court transgressed? In the face of the pronouncement of this Court in *Universal Oil Co. v. Root Ref. Co.* (1946), 328 U.S. 575, 580, Sun can only defend the appellate Court's criticism of the District Court's check of the printed record and briefs filed by Sun in the Sixth Circuit in *National Latex* (to ascertain whether Sun's assertion before the District Court below of the one-step scope of the Molitor claims and the Molitor-Smith story of a midnight phone call had been presented in the Sixth Circuit) by falling back on the avoidance:

> "The Court of Appeals in fact bottomed its reversal, not on whether the Court could *sua sponte* judicially notice the records and briefs in the Ohio case, but upon the fact that respondent had no fair notice thereof and no opportunity to meet the same. (A21)" (Resp. Br. p. 9.)

The pretext of Sun, accepted by the Court of Appeals (A22), that at no stage before or during the trial below, from its commencement to its conclusion ten weeks later, was Sun made aware that an issue of perjury and fraud existed is, of course, belied by Sun's counsel's comments of record at the outset of the trial—see the petition, p. 26.

Rule 52(a), F.R.C.P.

In further attempting, under this "Question 3" to justify (Resp. Br. pp. 9-11) the "reality" of the Court of Appeals' decision by its reference to selected portions of the "*trial transcript* of the Ohio case" (Resp. Br. p. 10, emphasis quoted) which the District Court refused to receive in Sun's application for rehearing, other affidavits submitted at that late date,[1] and still other documents *first submitted at the appeal hearing*, Sun finally, if unintentionally, comes to grips with a crux of the issues of Questions 1 and 2. This is the matter of the Court of Appeals' defiance of Rule 52(a), F.R.C.P., and this Court's decisions applying it, which Sun otherwise postpones to its "Argument" (Resp. Br. p. 17).

Sun cites *United States v. Gypsum Co.* (1948) 333 U.S. 364, 395:

> "A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing Court

[1] At that November 21, 1967 date, over ten months after the trial was concluded, Barr necessarily objected strenuously to any probative weight being given to any testimony, whether by new affidavits or in another trial of some ten years earlier (to which Barr was not a party directly or indirectly) and as to which Barr had had no opportunity of cross-examination. The District Court makes it clear in its decision on Sun's application that, wholly apart from the lack of timeliness of such "evidence" (A34-35), no such testimony could blot out Smith's clear confession, on cross-examination, of the phony marginal notes on the critical "progress reports" on which the Sixth Circuit had relied and which had been presented in the trial below as bona fide documents (A36).

> on the entire evidence is left with a definite and firm conviction that a mistake has been committed."

Sun then argues that "By carefully reviewing the testimony and the principal documentary evidence on which the trial court relied * * *", "Thus, the Court of Appeals has fully complied with the mandate of this Court in *Gypsum* by making a thorough and thoughtful review of the record in this case." (Resp. Br. p. 17.)

Barr respectfully suggests that Sun's mere repetition of an assertion of the thoughtfulness and thoroughness of the Court of Appeals' labors does not give Sun any greater privity to what such labors actually were. Rather, the discrepancies between the actual record and published decisions of the District Court and the Court of Appeals' findings and unwarranted criticisms of the District Court demonstrate substantially less than compliance with the mandate of *Gypsum*. Indeed, the Court of Appeals' principal differing conclusion from the District Court's, i.e., regarding the meaning and effect of a document that the Court of Appeals does quote at length and discuss, namely, Sun's late attorney's letter of November 30, 1956 (P. Ex. 256x), boils down to a conclusion that: "In all likelihood" (A16) this deceased attorney had in mind a date earlier than that which was explicit on the face of the letter and which the District Court took at face value. Thus, the Court of Appeals did not comply with the further and slightly later mandate of this Court in *United States v. Yellow Cab Co.* (1949) 338 U.S. 338, 342:

> "[A] choice between two permissible views of the weight of [the] evidence is not 'clearly erroneous.'"

But it is in the reliance of the Court of Appeals (for the "reality" urged by Sun) upon affidavits and Ohio trial testimony rejected as far too untimely by the District

Court when presented with Sun's application for rehearing of the trial decision *and* the admission of and reliance on excerpts of the Ohio trial testimony *first presented at the argument of the appeal* and admitted "in the interest of justice" (A16, n. 14; A24) that the Court of Appeals unmistakably defies the admonitions of this Court. In sum, on evidence that was not before the trial Court at all and other evidence which the trial court rejected because under no circumstances could it re-write the record of confessions of Sun's president under cross-examination of the alterations of the documents purported to corroborate the oral testimonies, the Court of Appeals endeavored to decide *de novo* the issue of perjury and fraud perpetrated by Sun. This was in flat disregard of *Zenith Radio Corp. v. Hazeltine Research* (1969) 395 U.S. 100, 123:

> "In applying the clearly erroneous standard to the findings of a district court sitting without a jury, appellate courts *must constantly bear in mind* that their function is *not* to decide factual issues *de novo*. The authority of an appellate court when reviewing the findings of a judge, as well as those of a jury, is circumscribed by the deference *it must give* to decisions of the trier of facts, who is usually in a superior position to weigh the evidence." (Emphasis supplied.)

Question 4. What is the power of the Commissioner of Patents under 35 U.S.C. 184, 185 to issue, ex parte, retroactive licenses for foreign filings after the U.S. Patent has issued? Sun would slough off this question by contending that though the question was raised on appeal, it was not "pressed." This is true only to the extent that other issues, such as the fraud and perjury of Sun's witnesses and the invalidity of the patent in suit for obvious-

ness and anticipation, were more strongly emphasized; it was certainly pressed to the point that the Court of Appeals found it necessary to endeavor to dispose of it, though only by a footnote (A7-8, n. 9):

> Sun's contention that there is no "judicial" dispute on this question would be correct if it were also limited to the time of raising the defense. See *Thermovac Industries Corp. v. Virtis Co.* (S.D.N.Y. 1968) 285 F. Supp. 113, and the basic conflict with this Court's decision in the landmark case of *Miller v. Brass Co.* (1881) 104 U.S. 350, both cited in the petition (pp. 32-33).

Question 5. What restraints of licensors and licensees from competing with each other are sanctioned under General Talking Pictures v. Western Electric? Sun would also slough off this question on the ground that it was not pressed on appeal. Sun overlooked the various grounds for which Barr urged that Goodrich should have been joined as a co-conspirator with Sun, as well as the variety of anti-trust law charges which the Court of Appeals brushed off in Section VII of its decision. Sun contends that the District Court found that "there was no elimination of competition," citing A79, par. C; this is a mis-citation. The facts recited in Barr's petition have never been denied, but only dismissed as insufficient under *General Talking Pictures* (1938) 304 U.S. 175; 305 U.S. 124. The finding that Barr failed to establish its damages is premised on the assumption that, because Barr was effectively blocked from substantial competition in the manufacture of hobby horses by the Sun-Wonder-Goodrich combination, it had no lost sales and thus no damages. If this theory were correct, then only incomplete monopolies could be in violation of the anti-trust law.